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ABSTRACT

Providing a basis to help Alaskans determine future spending levels and priorities, this report traces how the state spent more than $26 billion in general funds from fiscal years 1981 through 1986 before oil prices crashed and brought state revenues tumbling down with them. Figures indicate that cumulative general fund expenditures over the 5-year period were allocated to state agencies (31%), schools (14%), municipalities (11%), permanent fund deposits (10%), individuals (9%), public corporations (8%), loan funds (5%), University of Alaska (4%), debt service (3%), one-time expenses (3%), and miscellaneous grant/programs (2%). Over 30% of general fund expenditure was for expenditures that did not exist or were miniscule before 1980. Overall standard operating expenses increased 168% between 1979 and 1985. Capital expenses grew more than 800%. Biggest percentage increases in operating expenses between 1979 and 1985 were in development (+393%), general government (+206%), and transportation (+196%). The nature of state spending changed by assuming increased responsibility for municipal and school finance. The state paid more than 90% of the operating costs of expanded rural school districts and nearly 70% of city/borough school costs. The nature of revenues also shifted, with no taxes being taken from individuals after the first half of 1980. (NEC)

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University of Alaska, Anchorage, Institute of Social and Economic Research February 1987, Vol. XXIV, No. 1

Where Have All the Billions Gone?

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Where Have All the Billions Gone?

INTRODUCTION

All of us who lived in Alaska in the first half of the 1980s enjoyed the state government's oil money. The state subsidized the mortgages on our houses. State aid to local governments cut our property taxes. State construction grants paid for everything from paving the roads in front of our houses to building new ice skating arenas or community centers in our towns. The state loaned some of us money at below-market interest rates so we could go to college or buy fishing boats. If we lived here at least six months, we collected hundreds of dollars in direct cash payments from the earnings of the Permanent Fund. And so on.

When oil prices were high, the State of Alaska took in and spent a great deal of money: we calculate state general fund expenditures from fiscal 1981 through fiscal 1986 at about $26.1 billion. Of that total, the legislature deposited $2.7 billion in the Permanent Fund. Those voluntary contributions to the Permanent Fund, together with mandatory shares of petroleum revenues that go directly to the fund and fund earnings that the legislature incorporated into the principal, brought the Permanent Fund balance to more than $7.5 billion in early 1987.[1] That very substantial fund balance is evidence that the State of Alaska did not simply spend all its petroleum revenues .

But it did spend about $23.4 billion—in the neighborhood of $50,000 for every Alaskan—in a variety of ways. And although the evidence of state spending is everywhere, determining just how much money the state spent and for what purposes is difficult.

In January 1987, when Alaska's new governor, Steve Cowper, delivered his first annual address on the state's budget, he said that lack of correlation between the state's budget, accounting, and cash management systems had created an "information gap which makes it difficult to ascertain our fiscal bearings."[2] In other words: it's tough to tell how much we have spent because the state's various record-keeping systems don't match.

In this publication we try to trace how the state spent its money in the first half of the 1980s, before oil prices crashed and brought state revenues tumbling down with them. When we refer to "the first half of the 1980s," we mean specifically *fiscal years 1981 through 1986*, which were the years of high state spending. (The state's fiscal year runs from July 1 to June 30—so, for example, fiscal year 1981 was from July 1980 to June 1981.) We use fiscal years 1979 and 1980 as benchmarks against which to measure spending in the halcyon days that followed. We do not mean to depict state spending in 1979 and 1980 as representing either

Editor's Note: This publication describes state general fund spending from fiscal 1979 through 1986—from just before the petroleum windfall to last year's oil price crash. We summarize broad categories of spending for the whole period and for individual years. We discuss major changes in the magnitude and nature of state spending during the first half of the 1980s. We also provide, in a concluding appendix, line-item details on individual expenditures in each year from 1979 through 1986.

[1] The legislature's vote in June 1986 to incorporate the undistributed earnings into the principal of the fund can also be considered a kind of voluntary contribution.

[2] *Annual Budget Message* by the Honorable Steve Cowper, Governor of the State of Alaska, before a joint session of the First Session of the Fifteenth Alaska Legislature, January 22, 1987.

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FEATURE

Linda Leask, Karen Pyle Foster, and Lee Gorsuch Where Have All the Billions Gone?

Lee Gorsuch is the director, Linda Leask is the editor, and Karen Pyle Foster is a research associate of the Institute of Social and Economic Research in Anchorage.

typical or ideal spending patterns. We simply use spending in those years just before the petroleum windfall to help show the magnitude and nature of changes in spending in the first half of the 1980s.

We found, as others have, that tracking state spending is hard and tedious and involves a certain amount of guesswork. The tables and figures in the following pages are—again lifting a phrase from the governor's recent budget address—"as close to the truth" as we can come right now. We believe this work provides a useful, reliable picture of where the state put its money in recent years and presents that information in ways it has not been presented before. Appendix Table A-2 lists detailed line-item expenditures by program category for each fiscal year from 1979 through 1986. These detailed numbers are of interest in themselves and are the basis for the summary tables and figures in the main text.

This information is important for a number of reasons. It shows what kinds of spending state officials emphasized, and therefore (at least implicitly) what they hoped to accomplish with Alaska's oil wealth. It delineates how much of the money actually went into fattening state agency budgets—a charge much heard these days—and how much went elsewhere: to local governments and school districts, to the state's public corporations, to loan funds, to individuals. It helps us sort out who, by becoming more reliant on state money, is now most vulnerable as state spending declines.

The effects on state spending of sharply lower oil prices began to show up somewhat in late fiscal 1986 (which ended in June 1986), but continuing cuts in state spending will be made in the current fiscal year—1987—and the years to come. Municipalities, the University of Alaska, school districts, most state agencies, and other groups that receive state money have already seen budget cuts of varying degrees and will see substantially more.

We hope this information about past spending patterns will help us Alaskans decide what our future spending levels and priorities should be. There are many questions related to expenditures that we do not deal with. We talk briefly about some of those questions in the concluding section. What we provide here, as a basis for discussions of related fiscal issues, is a record of what became of more than $26 billion.

DEFINITIONS AND SOURCES

General Fund Expenditures

When we say "state spending," we mean (with some adjustments, which we'll describe) spending from the state's *general fund*. Most of the state's income goes into and is appropriated from the general fund. The largest exception is the share of petroleum revenue that by law goes directly into the Permanent Fund, established in 1977 as a sav-

ings account for a portion of Alaska's petroleum wealth. We do not look in detail at the Permanent Fund, but we do talk about the $2.7 billion in voluntary contributions—contributions over and above those required by law—of general fund money that the legislature made to the Permanent Fund in the first half of the 1980s.

What Is Included

State expenditures are typically divided into two categories—*operating* expenditures and *capital* expenditures. The broad distinction between the two is that operating expenses include money spent for day-to-day government operations—paying salaries, providing aid to local governments and school districts, and making welfare or other payments, for example. Capital expenses are for constructing or acquiring highways, harbors, airports, buildings, equipment, or other tangible things considered to have lives longer than a year. In recent years this traditional distinction has been blurred somewhat in state budgets because a number of special expenditures have been included under both kinds of spending. In our calculations, we distinguish between operating and capital expenses when it is useful to do so and combine the two kinds of spending in other cases.

Our figures include expenditures made with *the state's own petroleum and non-petroleum revenues* as well as *federal money* the state receives. Most federal money that goes into the general fund is for specific health and social service programs for which the state and federal governments share costs (like the Aid to Families with Dependent Children program), and for highway and other construction projects that are paid for through a combination of federal money and state matching funds. In the years before Alaska collected high petroleum revenues, federal money made up most of the state's capital budgets, and even in the glory days of the early 1980s it still made up a substantial share.

It would be extremely difficult (and in some instances probably impossible) to accurately sort out federal contributions to specific expenditures.[3] Readers should just keep in mind when looking at the expenditure numbers that some of the money was from the federal government. (Table 1 below shows federal dollars as shares of overall general fund revenues in selected years.) The source of the big increase in general fund revenue in the early 1980s (and the root of the current decline) is of course the state's petroleum revenue.

Sources and Methods

Our figures are annual *expenditures*, not appropriations.[4] This is an important distinction. Appropriations are amounts the state legislature approves for spending each year; money appropriated in a given year may or may not be spent that year. Appropriations for large capital projects may, for instance, actually be spent over a period of several years. In some instances, appropriated amounts may not be spent at all.

The expenditures we discuss are—with some adjustments—general fund expenditures as reported in the Alaska Department of Administration's *Annual Financial Reports* and detailed supplements to those reports.[5] We do not attempt to explain or reconcile the various other ways that the state records spending; we do not entirely understand them ourselves. We do feel confident that our numbers, based on the state's financial reports, give an accurate picture of state spending in recent years.[6]

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[3]As Governor Cowper discussed in his January 1987 budget address, and as other state officials have recently acknowledged, the Department of Transportation and Public Facilities, which receives substantial federal monies to help pay for highway and other projects, is not currently able to say how much of the cost for specific capital projects in recent years has been or should be charged to federal funds.

[4]The analyst who has consistently over the years kept track of state appropriations is Richard Fineberg, formerly a free-lance reporter and currently a policy analyst with the Division of Policy in the Office of the Governor. See, for example, Fineberg's *Chaos in the Capital: The Budget Process in Crisis*, a Report for the Alaska Public Interest Research Group, 1982; and his more recent appropriation figures in House Research Agency Report 86-214, June 23, 1986.

[5]We include just expenditures, not encumbrances. The *Annual Financial Reports* list both expenditures and encumbrances. Money for a particular project may, for instance, be partially spent in a given year and the rest encumbered to be spent at a later time. We wanted to measure only money that had actually been spent in a given year.

[6]Our total spending figures differ from totals cited in the *Annual Financial Reports* and their supplements. These differences are largely due to inconsistencies in the way certain expenditures have been recorded in the reports in different years.

For example, the legislature made general fund appropriations to the Permanent Fund in several recent years. In most of those years, these deposits in the Permanent Fund were reported as expenditures—but in two years they were not. We consistently included transfers to the Permanent Fund in our calculations.

Other kinds of expenditures that have been handled differently over the years are transfers to public corporations and transfers to loan funds. Sometimes these kinds of transfers were cited as expenditures, and sometimes they were included in a separate category called "Other Uses" of the general fund. We included all such transfers as expenditures in each year.

Table 1

State General Fund Revenue Sources, by Fiscal Year
(in $ millions)

	1972			1979			1982			1986			1987*		
	Current Dollars	1979 Dollars	% of Total	Current Dollars	1979 Dollars	% of Total	Current Dollars	1979 Dollars	% of Total	Current Dollars	1979 Dollars	% of Total	Current Dollars	1979 Dollars	% of Total
State															
Petroleum	$ 47	$ 85	13%	$825	$825	56%	$3,580	$2,848	81%	$2,652	$1,988	78%	$1,011	$ 742	56%
Non-Petroleum	172	307	46	347	347	23	457	364	10	417	313	12	388	285	21
Federal Grants	124	222	34	220	220	15	188	150	4	294	220	9	373	274	21
Other Restricted Revs.	25	44	7	88	88	6	233	185	5	30	22	1	32	23	2
Total, General Fund	$368	$658	100%	$1,480	$1,480	100%	$4,458	$3,547	100%	$3,393	$2,543	100%	$1,804	$1,324	100%

*Projected revenues and inflation rate for 1987 are estimates as of January 1987. Source: *Revenue Sources*, Alaska Department of Revenue (quarterly).

The financial reports define operating and capital expenditures primarily as either money that is actually spent in a given year, or money that is legally appropriated and transferred to other state funds in a given year.[7] So, for example, money that the legislature took from the general fund and deposited in the Permanent Fund shows up in the financial reports as "expenditures," although in fact the money was saved, not spent.

In our breakdowns of where general fund money went in recent years, we make the crucial distinction between money that was spent for *standard government operating and capital functions* and money that was used for a variety of *special purposes*, including Permanent Fund deposits and transfers to public corporations.

BACKGROUND

Rising Oil Prices

As Table 1 shows, the State of Alaska was of relatively modest means in the early 1970s, before the trans-Alaska pipeline was built and before production from the Prudhoe Bay oil field began. General fund revenues in fiscal 1972 were around $370 million.[8] Federal grants and other aid made up more than a third of all general fund income.

A lucky set of circumstances brought the State of Alaska billions of dollars in petroleum revenues at the start of the 1980s. First, the state government owns the Prudhoe Bay oil field, the largest oil field yet discovered in North America. As owner of that oil field, the state is entitled to bonus payments and royalties from Prudhoe Bay oil production, in addition to severance and other taxes it levies on the oil companies that lease the field and pump the oil. Second, the amount of oil produced at Prudhoe Bay steadily increased in the late 1970s and early 1980s, from about 1.2 million to 1.6 million barrels daily—thereby increasing the quantity of oil on which the state collected royalties and taxes. And finally, concerted action by the Organization of Petroleum Exporting Countries (OPEC) *tripled* world oil prices between 1979 and 1981.

As Table 1 and Figures 1 and 2 show, that combination of circumstances meant:

[7] Apparently *not* included are amounts of money that the legislature sets aside—reserves—for some purpose but does not officially appropriate. Thus, the much-discussed $280 million Railbelt Energy Fund *does not* appear as an expenditure in these reports.

[8] A substantial share—about 18 percent—of total general fund revenues in 1972 were earnings from investments made with the $900 million bonus the state collected in 1969 from leasing the Prudhoe Bay oil field. So even in that year Prudhoe Bay was boosting general fund revenues.

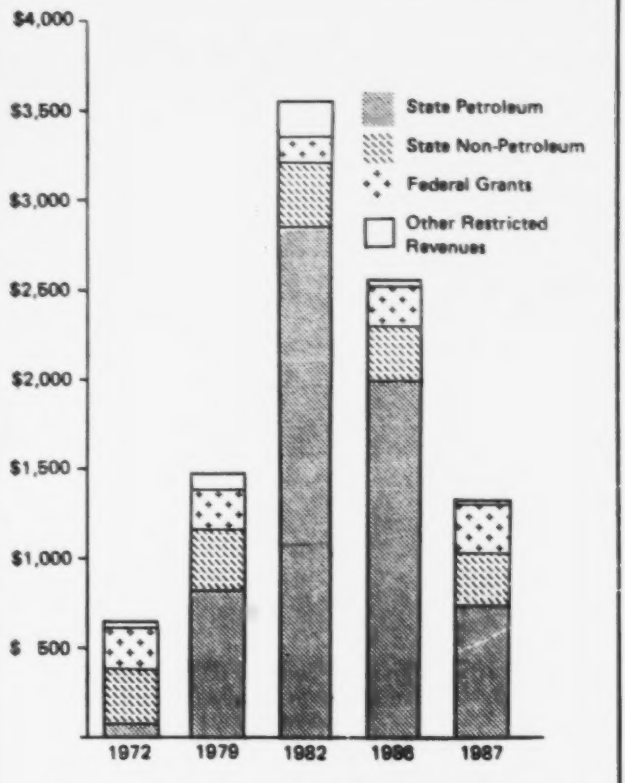

Figure 1. State General Fund Revenues by Source, Selected Fiscal Years 1972-1987
(in 1979 Dollars)

Source: ISER calculations based on Alaska Department of Revenue, *Revenue Sources*, January 1987.

- Alaska's general fund revenues, pushed up by soaring petroleum revenues, *tripled* between fiscal 1979 and 1982—growing from $1.5 billion to $4.5 billion. The 1982 revenues were ten times higher than 1972 revenues had been. If we adjust those figures for the effects of price inflation between 1972 and 1982, the real increase in revenues over that decade was much smaller, but still substantial—more than fivefold.

- Alaska's population grew nearly *40 percent* between 1972 and 1982, and about *12 percent* between 1979 and 1982. That population growth meant that growth in revenues *per resident* was less than overall growth in revenues. Per capita general fund revenues grew from $3,574 in 1979 to $9,670 in 1982—an increase of about 170 percent. The state had collected about $1,115 in per capita revenues in 1972. If we eliminate the effects of inflation by putting all those figures in 1979 dollars, the growth is less dramatic but still substantial: $1,993 in 1972, $3,574 in 1979, and $7,694 in 1982.

- In the first half of the 1980s, petroleum revenues made up more than 80 percent of all state general fund revenues, as compared with 56 percent in 1979 and 13 percent in 1972.[9]

- The incredibly fast growth in the state's petroleum revenues sharply reduced the importance of federal dollars as a share of general fund revenue: federal revenues made up just 4 percent of total general fund revenues in 1982, as compared with 15 percent in 1979 and 34 percent in 1972.

The Crash

But even as oil prices peaked more than four years ago, some analysts—including Arlon Tussing,

[9]The often-cited figure that petroleum revenues made up 85 percent or more of general fund revenues in the early 1980s is based just on general fund revenues from Alaska sources, excluding federal money.

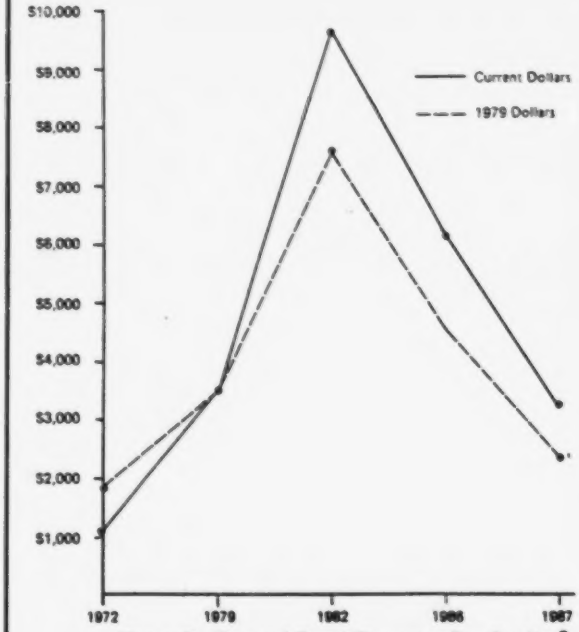

Figure 2. General Fund Revenues Per Capita,[a] Selected Fiscal Years

	1972	1979	1982	1986	1987[b]
Current Dollars	$1,115	$3,574	$9,670	$6,260	$3,347
1979 Dollars	$1,993	$3,574	$7,694	$4,882	$2,456

[a]Based on population figures of: 1972–330,000; 1979–414,000; 1982–481,000; 1986–542,000; and 1987–539,000 (estimate as of early 1987).
[b]Based on Alaska Department of Revenue projections as of January 1987.

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an adjunct professor of economics with ISER—foresaw that oil prices were headed for a big fall.[10] With the price of oil very high, consumers used less, and oil exploration and production increased. New oil fields were discovered, and fields that had not been profitable at lower prices were suddenly brought into production. With demand down and supply up, oil prices had nowhere to go but down. Oil prices had already leveled off and started to decline by 1982, but the dramatic price crash came in the spring of 1986, when world oil prices plummeted from about $27 a barrel to less than $10.

Analysts have estimated that at current production levels, the State of Alaska loses or gains $150 million in revenue when the price of oil changes by $1 per barrel. Table 1 and Figures 1, 2, and 3 show effects on state general fund revenues when oil prices crashed in 1986:

- Alaska lost more than $1 billion in anticipated revenues within the space of six months.

- Projected revenues for fiscal 1987 are just *half* of what they were in 1986, and are 60 percent less than 1982 revenues. (The projected figures for 1987 are Alaska Department of Revenue forecasts as of January 1987 and are subject to change with changing oil prices.)

- In *real* dollars—dollars adjusted for inflation—the state's projected total 1987 general fund revenues are *smaller* than 1979 revenues. If we translate the projected 1987 revenues into 1979 dollars, real 1987 revenues would be just over $1.3 billion as compared with almost $1.5 billion in 1979.

- Alaska's population grew *16 percent* between 1982 and 1985. That fast population growth exacerbates the current revenue decline. Revenues per Alaskan dropped from $9,670 in 1982 to $6,260 in 1986 and a projected $3,347 in 1987. If we adjust those figures for inflation—by putting them in 1979 dollars—the drop in 1986 and 1987 is even sharper: $3,574 in 1979 to $4,692 in 1986 to a projected $2,456 in 1987. (Again, figures based on projected 1987 revenues are subject to change.)

- The state's *non-petroleum* revenues are also expected to decline in 1987, dropping from $457 million in 1982 to a projected $388 million in 1987. That compares with $347 million in non-petroleum revenues in 1979. Again, the drop is even more dramatic if we adjust the 1987 numbers for inflation: in 1979 dollars, the 1987 non-petroleum revenues are expected to be about $285 million—18 percent less than the 1979 figure. That drop in real non-petroleum revenue is due in large part to the repeal of the state personal income tax in 1980.

- With the decline of petroleum revenues, federal restricted revenues are becoming increasingly im-

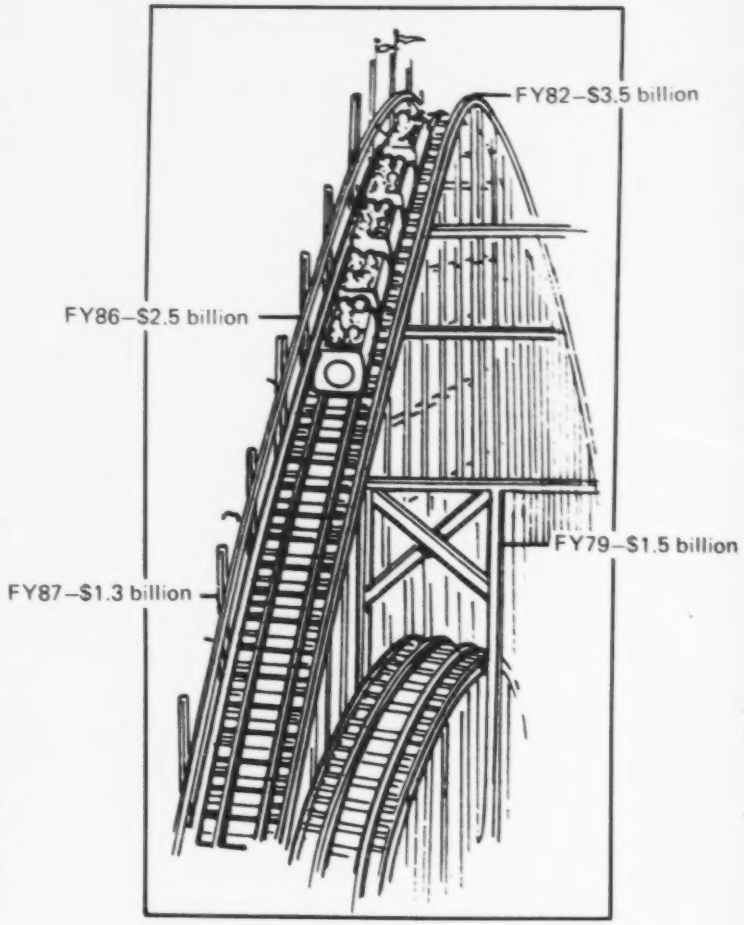


Figure 3

Ups and Downs of State General Fund Revenues, FY1979-FY1987
(1979 Dollars)

[10]For a comprehensive discussion of historic oil prices, the rise of OPEC, and the inevitable decline of oil prices from their 1981 peak, see Arlon Tussing, "Reflections on the End of the OPEC Era," *Alaska Review of Social and Economic Conditions*, University of Alaska-Anchorage, Institute of Social and Economic Research, Vol. XIX, No. 4, December 1982.

portant sources of general funds. Federal revenues are expected to make up about 21 percent of general revenues in 1987—up from 9 percent in 1986 and 4 percent in 1982. Federal grants in 1987 are projected to be about $373 million—and even when adjusted for inflation that represents about a 25 percent gain over 1979 federal grants.

The Future

Oil prices bounced back somewhat in late 1986, when OPEC members agreed to try to cut production. As of February 1987, a barrel of oil sold for about $18 on the world market. (Alaska's current contract price for oil is approximately $16 a barrel.) While some analysts believe oil prices will hold firm, if not increase, others think prices may fall again this spring and remain volatile for the next few years.

In any case, the state's oil income in the coming years will not come close to levels of the early 1980s, for two reasons: experts consider it unlikely that oil prices in the foreseeable future will come anywhere near their 1981 peak, and by the end of this decade production from the Prudhoe Bay field will begin dropping as the field is depleted. Some smaller fields are likely to come into production, but that production will not fill the revenue gap left by declining Prudhoe Bay production.

How much the State of Alaska will spend in fiscal 1987 (which ends in June 1987) is not clear right now. Former Governor Bill Sheffield made some budget cuts in the fall of 1986, and Governor Cowper and the legislature are now examining other cuts for this year and the coming year. Various estimates of the size of the 1987 deficit—the amount by which the state will overspend its income—range as high as $900 million. If you compare projected revenue figures (always bearing in mind that those are subject to change) with the past spending figures we're about to discuss, you'll quickly see the magnitude of the cutback in state spending Alaska faces.

HOW THE MONEY WAS SPENT: STANDARD AND SPECIAL EXPENDITURES

Table 2 shows how we classified state general fund expenditures in recent years and lists what we included in each classification. These classifications include both operating and capital expenses.

We first divided state expenditures into two broad kinds: standard and special. *Standard* expenditures are spending for traditional government functions. *Special* expenditures are for items that fall outside the usual kinds of government spending; those special expenditures accounted for nearly a third of all general fund spending from fiscal 1981 through 1986. (Appendix Table A-2 lists line-item expenditures on which our broad calculations are based.)

Standard Expenditures

As the left hand column of Table 2 shows, we can look at standard spending in two different ways—by *program category* and by *recipient*. The state's annual financial reports have historically classified general expenditures by program categories.[11] The standard program categories tell us broadly the purposes of state spending: education, social services, health, natural resource management, public protection, administration of justice, development, transportation, and general government.

But those categories don't tell us who *received or disbursed* state money for education and other purposes. Recipients of standard state expenditures are state agencies themselves, local governments, school districts, the university system, and individuals who collect welfare, retirement, and other transfer payments (excluding Permanent Fund dividend payments, which we classify as a special expenditure).

These are just the *initial* or direct recipients of state spending. There were of course many secondary or indirect beneficiaries of state spending in recent years—for example, the construction industry that mobilized in response to and benefited from massive capital projects spending by state and local governments. It is not the purpose of this publication to look at how the effects of state spending spread throughout the economy—but readers should recall that when we say "recipients" we mean just the agencies or individuals who first received state money and not any of those who benefited further down the line.

Special Expenditures

The special expenditures listed in the right-hand column of Table 2 do not fit neatly into the traditional program categories. But they can be usefully classified by recipient.

Recipients of special general fund spending in the first half of the 1980s were the Permanent Fund, which received special voluntary deposits

[11] After 1982, the annual financial reports no longer reported expenditures by program category, but appropriations continued to be reported by program category. We used these appropriations bills when necessary to help us classify expenditures by program category after 1982.

Table 2

State General Fund Expenditures, Standard and Special
(Operating and Capital)

Standard Expenditures	Special Expenditures
By Program Category	**By Program Category**
Education	Not Applicable
Social Services	
Health	
Natural Resource Mgmt.	
Public Protection	
Admin. of Justice	
Development	
Transportation	
General Government	
Debt Service on General Obligation Bonds	
By Recipient	**By Recipient**
State Agencies	Deposits in the Perm. Fund
Aid to Schools	Transfers to Public Corps.
University of Alaska	Transfers to Loan Funds
Aid to Municipalities	Perm. Fund Dividend Pymts.
Misc. Grants and Programs	One-Time Expenses
Distributions to Individuals (excluding Permanent Fund dividends)	
Debt Service on General Obligation Bonds	

from general fund revenues; the state's various public corporations (like the Alaska Housing Finance Corporation); various loan funds intended to promote resource development and other purposes; individual Alaskans who received annual cash payments under the state's Permanent Fund dividend program; and various other organizations and individuals who benefited from specific one-time expenditures, which are listed in Table 3.

Some of these kinds of special expenditures did not exist before 1980. Some—loan programs, for instance—may have existed in earlier years but were transformed into much bigger and sometimes different forms in the 1980s. Again, readers should note that these are just the initial recipients of the special expenditures—not any of a whole range of indirect beneficiaries.

MONEY, MONEY, EVERYWHERE

This section discusses all state general fund spending, including both standard and special expenditures, in recent years. Figure 4 illustrates how cumulative state general fund expenditures from fiscal 1981 through 1986 were distributed, by recipient. Table 3 shows year-by-year expenditure figures, and includes as benchmarks figures for fiscal years 1979 and 1980. Figure 5 shows which big categories of spending originated only after the onset of high oil revenues, or which if they did exist before 1980 were much smaller.

Cumulative Expenditures, Fiscal 1981-1986

Looking at the levels and patterns of state spending over the past six years tells us a number of things:

- State general fund expenditures totaled $26.1 billion from fiscal 1981 through 1986. About $23.4 billion—90 percent of the total—was spent for a variety of purposes. The other 10 percent—$2.7 billion—was not spent but saved because the legislature deposited it in the Permanent Fund. Those deposits helped bring the Permanent Fund balance to more than $7.5 billion in early 1987—a balance that included voluntary legislative contributions, the share of petroleum revenues that by law goes into the Permanent Fund, and earnings that the legislature directed be incorporated into the balance. So the voluntary legislative deposits of $2.7 billion represented about one-quarter of the total balance of the Permanent Fund in early 1987.

- Standard expenditures accounted for $18.4 billion—70 percent—of cumulative general fund spending from fiscal 1981 through 1986. Special expenditures took the other 30 percent, or $7.7 billion, out of the general fund during that period. Such special expenditures were minuscule before 1980 and represented new and extraordinary uses of state money. But, as we discuss more in the conclusions section, a large share of these special expenditures were transfers to public corporations and are preserved as capital of those corporations.

- The operations and capital projects of state agencies themselves accounted for about one-third of all general fund expenditures—more than $8 billion—in the first half of the 1980s. About 30 percent ($2.4 billion) of state agency spending during that period was for construction projects and the other 70 percent ($5.8 billion) was for agency operations.

- After state spending for its own operations and capital projects, the biggest single general fund expense in recent years was aid to elementary and secondary schools, which accounted for around $3.6 billion, or 14 percent of the total.

- The third largest category was operating and

capital aid to municipalities, which amounted to about $2.8 billion, or 11 percent, of general fund spending between fiscal 1981 and 1986. Nearly 70 percent ($1.9 billion) of municipal aid in those years was in the form of municipal grants, mainly for capital projects. Such municipal grants were extremely rare before 1980.

- Payments to individual Alaskans—welfare payments (or in-kind benefits), retirement checks, unemployment compensation, the Longevity Bonus, Permanent Fund dividends, and others—made up 9 percent of state expenditures between 1981 and 1986. By far the biggest single distribution program was the Permanent Fund dividend program, which paid Alaskans more than $1 billion between fiscal 1983 and 1986.[12]

- The state's public corporations got close to $2 billion (8 percent) of general fund money in the first half of the 1980s. Public corporations are under the control of the state government, but are more independent than state agencies. They have a variety of purposes, and some have authority to issue their own bonds. Alaska's public corporations include the Alaska Housing Finance Corporation (AHFC), which has been the biggest secondary residential mortgage lender in the state in the 1980s; the Alaska Power Authority (APA), which was established to plan and carry out energy projects in Alaska; the Alaska Railroad, which the state bought from the federal government in 1984; and the Alaska Industrial Development Authority (AIDA), which is intended to help finance industry, manufacturing, and other business enterprises.

  Nearly half of all general fund money for public corporations went to AHFC between just 1981 and 1983, when the state was heavily subsidizing interest rates on residential mortgages. In the most recent years, AHFC has not received any general fund subsidies, but APA has received several hundred million dollars.

- State enterprise and other loan funds—including student loans, loans for fisheries, agriculture, and a variety of other resource-development and energy-related purposes—received about $1.2 billion from 1981 through 1986. That accounted for 5 percent of total general fund spending for that period.[13]

- Operating and adding new facilities to the University of Alaska system—including community colleges—cost the state around $1 billion from fiscal 1981 through 1986, or about 4 percent of total spending.

- Specific, one-time expenses made up 3 percent—more than $850 million—of all state general fund spending in the first half of the 1980s. Most of those expenses were made just in fiscal 1981, and included a $292 million payment the state owed Native corporations under terms of the Alaska Native Claims Settlement Act; $350 million to establish the Rainy Day account, to be used when the state needed emergency funds; and more than $160 million for refunds of 1980 state personal income taxes and for other refunds.[14] (The legislature repealed the personal income tax when the state began collecting big petroleum revenues.)

- Debt service—interest and principal payments—on the state's general obligation bonds cost the general fund around $840 from 1981 through 1986—3 percent of total expenditures.

- Grants to non-profit organizations for social service, health, and other programs, and miscellaneous other grants, accounted for nearly $500 million, or 2 percent, of total state expenditures

[12]In the first year Permanent Fund dividends were paid (fiscal 1983), the earnings of the fund were not large enough to cover the $1,000 per person payments set by the legislature; in that year most of the money for the dividends was general fund revenue. In more recent years, the actual earnings of the Permanent Fund have been used to pay dividends, but the payments are appropriated through the general fund and in most years appear in the *Annual Financial Reports* as a general fund expenditure. In one year, however, dividend payments were not included as expenditures; we included them in our calculations. The portion of Permanent Fund earnings that is not used for dividend payments does not appear in general fund transactions in the financial reports.

[13]These figures for loan fund transfers are the most accurate we could compile. Sorting out amounts transferred to loan funds is difficult because of inconsistencies in the ways such transfers are handled in the *Annual Financial Reports*. In some instances, the transfers are listed under expenditures and are specifically cited as loan fund transfers. In other cases loan fund transfers and other transfers are included in a separate category called "Other Uses" of the general fund. Finally, some loan fund money may appear within expenditures but cannot be identified as such.

We used the separate statements on individual loan funds to determine transfers from the general fund, and to the extent possible, matched those statements with expenditure items. It is possible that some loan money we could not identify as such is included under other categories.

[14]The income tax refund actually included 1980 taxes and a portion of 1979 taxes.

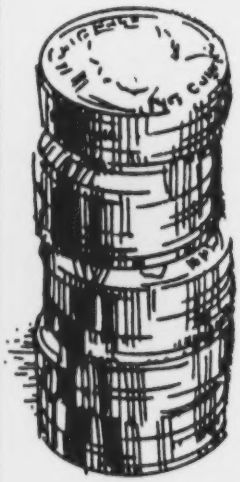
Table 3. State General Fund Expenditures, Standard and Special, FY1979-1986
(Operating and Capital, $ millions)

	1979	1980	1981	1982	1983	1984	1985	1986
State Agencies[a]								
Operating	$ 431	$ 493	$ 647	$ 868	$ 996	$1,041	$1,146	$1,175
Capital	152	226	295	251	293	289	820	416
Total	$ 583	$ 719	$ 942	$1,119	$1,289	$1,330	$1,966	$1,591
Aid to Schools[a]								
Foundation Program	181	205	255	345	409	423	467	492
Bond Debt Reim.	22	24	38	38	56	90	93	106
Other Financial Sup.	52	54	52	62	62	66	54	46
Capital Aid	15	7	28	65	42	76	164	48
Total	$ 270	$ 290	$ 373	$ 510	$ 569	$ 655	$ 778	$692
University of Alaska[a]								
Operating	75	86	108	128	148	158	168	169
Capital	8	6	8	19	26	49	101	46
Total	$ 83	$ 92	$ 116	$ 147	$ 174	$ 207	$ 269	$ 215
Aid to Municipalities[a]								
Operating	32	41	117	164	166	166	166	155
Capital	4	6	89	310	347	353	539	257
Total	$ 36	$ 47	$ 206	$ 474	$ 513	$ 519	$ 705	$ 412
Other Grants & Programs[a]	$ 18	$ 16	$ 23	$ 69	$ 74	$ 84	$ 116	$ 99
Transfers to & Other G.F. Exp. for Public Corp.[b]								
APA	–	–	14	120	196	137	95	173
AHFC	4	4	557	265	150	–	–	–
AIDA			173	9	22	1	1	1
Ak. Railroad	–	–	–	–	–	–	35	–
Other	1	8	24	1	1	2	4	1
Total	$ 5	$ 12	$ 768	$ 395	$ 369	$ 140	$ 135	$ 175
Loan Fund Transfers[b]								
Enterprise Funds	4	15	145	236	66	205	330	76
Other	–	–	95	4	–	–	2	2
Total	$ 4	$ 15	$ 240	$ 240	$ 66	$ 205	$ 332	$ 78
Distributions to Individuals								
Perm. Fund Div.[b]	–	–	–	–	478	187	160	210
Other[a]	99	107	143	177	189	231	279	294
Total	$ 99	$ 107	$ 143	$ 177	$ 667	$ 418	$ 439	$ 504
Deposits in Perm. Fund & Other GF Exp. for Perm. Fund[b]	–	–	$ 900	$ 801	$ 402	$ 303	$ 301	$ 3
Debt Service[a]	$ 60	$ 70	$ 97	$ 94	$ 143	$ 166	$ 175	$ 164
One-Time Expenditures[a]								
ANCSA Payment			293					
Rainy Day Acct.			350					
Income Tax Refund & Other Refunds			162	4	5	2	1	2
Other			–		40	–	–	–
Total	–	–	$ 805	$ 4	$ 45	$ 2	$ 1	$ 2
Total of GF Spending	$1,158	$1,368	$4,613	$4,030	$4,311	$4,029	$5,217	$3,935

[a]Standard Expenditures. [b]Special Expenditures.

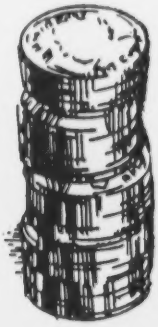
Figure 4

Where Have All The Billions Gone?

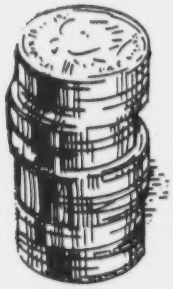


State Agencies 31%

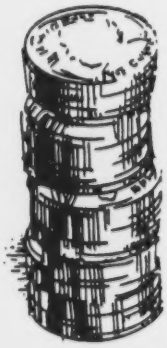
Cumulative General Fund Expenditures
FY1981-1986
(Operating and Capital)



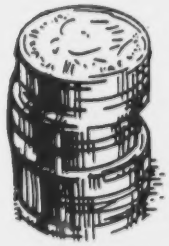
Aid to Schools 14%



Aid to Municipalities 11%

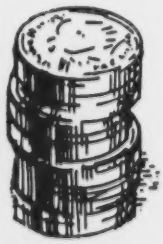


Deposits in Permanent Fund 10%



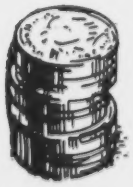
Transfers to Pub. Corps. 8%

Misc. Grants & Programs 2%



Distributions to Individuals 9%

Transfers to Loan Funds 5%



One-Time Expenses 3%

Debt Service 3%

University of Alaska 4%

Figure 5

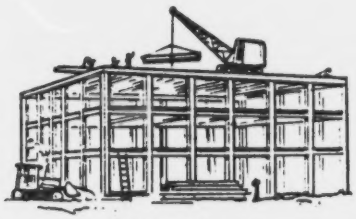
Large Expenditures that Originated After 1980*

Total Spending, FY81-86

Tranfers to AHFC, APA, AIDA, and Other Public Corporations:

$1.9 billion

Capital Grants to Municipalities:



$1.9 billion

Transfers to Loan Funds (Student Loan Program, Energy-Related Loan Programs, Resource Development Loan Programs)

$1.2 billion

Permanent Fund Dividend Program

$1 billion

*Or were very small before 1980. All of these except capital grants to municipalities were special expenditures. Grants to municipalities, while very small before 1980, are a standard kind of government expenditure.

Total: $6 Billion or 23% of Cumulative General Fund Expenditures, FY1981-FY1986

in the first half of the 1980s.[15] Some of this grant money—although it is not possible to say precisely how much—reflects a decision by state government to provide some health and social services through contracts rather than through direct state employment.

Changes in General Fund Expenditures, 1979-1986

In looking at our figures on changing general fund spending in the first half of the 1980s, remember that the cost of living and the population of Alaska both increased significantly during that period. Prices (as measured by the Anchorage consumer price index) went up about 35 percent between 1979 and 1986. The Alaska population increased more than 30 percent during that same period, with most of the growth in the early 1980s. So a portion of the growth in state spending discussed below can be attributed to inflation and increased population.

- General fund spending more than tripled in just one year—growing from $1.4 billion to $4.6 billion between fiscal 1980 and 1981. But nearly 60 percent of 1981 spending was for special purposes: one-time expenses, deposits in the Permanent Fund, and transfers to public corporations and loan funds.

- State general fund spending peaked in fiscal 1985, three years after revenues peaked. That lag was largely due to the fact that actual spending for many transportation, school, municipal, and other capital projects—some of which were approved in earlier years—took place in fiscal 1985. In that year, state agencies, municipal governments, school districts, and the University of Alaska spent a total of $1.6 billion for capital projects.

- State agency operating expenses increased 165 percent between 1979 and 1985, and grew another 3 percent in 1986.

- State agency capital expenses stayed in the $250 to $300 million range annually between 1980 and 1984, then jumped from $289 million in 1984 to $820 million in 1985. In 1986, capital spending by agencies dropped by about half, to $416 million.

- Large expenditure categories that didn't exist (or were very small) before 1980 accounted for $6 billion in general fund spending between fiscal 1981 and 1986: $1.9 billion for transfers to public corporations; $1.9 billion for capital grants to municipalities; $1.2 billion for transfers to loan funds; $1 billion for Permanent Fund dividend payments. Together those amounted to 23 percent of all general fund expenditures during that time.

- The school foundation program, which pays a large share of costs for elementary and secondary schools in Alaska and is by far the largest single state expense, cost 158 percent more in 1985 than it had in 1979. Foundation costs grew another 5 percent in 1986.

- In addition to paying the full costs of capital improvements for rural school districts, the state also pays a hefty share of the debt service on general obligation bonds issued by municipal school districts. Costs of that bond debt reimbursement grew more than 300 percent—from $38 million to $93 million—between 1979 and 1985, and increased another 14 percent—to $106 million—in 1986.

- Welfare, retirement, Longevity Bonus, unemployment, and other payments (and in-kind benefits) to individuals (excluding the Permanent Fund) grew 180 percent between 1979 and 1985, and increased another 5 percent in 1986.

- Operating the University of Alaska system cost the state 120 percent more in 1985 than it had in 1979. Expenditures for the university and community college campuses held steady in 1986.

- Municipalities around the state in 1985 got five times the operating aid ($166 million) they had received in 1979 ($32 million) but that aid dropped about 7 percent in 1986.

- Alaska's municipalities spent more than half a billion dollars of state general fund money for capital projects in fiscal 1985, the peak year for such spending. State expenditures for municipal projects dropped to less than half that amount in 1986. Before 1980, capital grants for municipalities were almost non-existent.

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[15] These figures for grants that went to entities other than municipalities are the most accurate we could compile. In many instances, the *Annual Financial Reports* specifically identify such grants, but we suspect that in some cases grant money is included in other expenditures and cannot be identified.

GOVERNMENT AS USUAL: STANDARD EXPENDITURES

Below we talk about just *standard* general fund expenditures in recent years, excluding the special kinds of expenditures included above. Pinpointing these standard expenditures gives us a picture of how the size and patterns of state government itself changed in the 1980s. Our discussion covers the points illustrated in Figures 6 through 9.[16]

Figure 6 shows what shares of cumulative general fund expenditures for *both operating and capital* costs were devoted to each program category from fiscal 1981 through 1986. It also compares program category shares in fiscal 1979 and 1980, our benchmark years.

Figure 6 gives us a picture of how *combined* operating and capital expenses were divided among the various categories; Figures 7 through 9 show operating and capital expenditures separately. Figure 7 shows overall growth in standard operating and capital expenditures between 1979 and 1985, when expenditures peaked, and the change between 1985 and 1986.

Figure 8 shows change in operations spending, by program category, from 1979 through 1986. Figure 9 shows the same information for capital spending. (Appendix Table A-1 shows the year-by-year dollar figures we used to construct Figures 8 and 9.)

Cumulative Expenditures, Fiscal 1981-1986

- The biggest expense category in the first half of the 1980s was education, which cost the general fund $5.5 billion—29 percent of total standard expenditures—during that period. Education includes aid to schools, support for the University of Alaska, post-secondary education programs, costs of operating and building state museums and libraries, municipal grants for education, and other education-related costs.

- Transportation expenses made up the second largest share of standard general fund spending between 1981 and 1986: $3.5 billion, or 19 percent. Those billions went for operating, maintaining, acquiring, and building highways, roads, harbors, airports, the state ferry system, and public facilities; also included were substantial municipal grants for transportation projects. The costs of operating, maintaining, and replacing this new capital stock are likely to place increased demands on future state and municipal operating expenditures.[17]

- Development was the third largest expense category, accounting for $2.1 billion, or 12 percent, of standard general fund spending in the first half of the 1980s. That money went for a wide range of development-related costs, including costs of agriculture, fisheries, and other resource development programs carried out by state agencies; costs of promoting tourism and trade; and state housing programs outside AHFC. Also included in this category are the municipal operating aid programs—revenue sharing, municipal assistance, and shared taxes—as well as municipal grants for development projects. *Not included* are the very substantial general fund costs (shown in Table 3) for AHFC, APA, and other public corporations, and general fund transfers to loan funds. Although such costs can certainly be considered development-related, we classify them as special rather than standard expenditures.

- Social services cost the general fund $1.4 billion from fiscal 1981 through 1986, about 8 percent of standard general fund spending. Those expenses included costs of various public assistance programs (Aid to Families with Dependent Children, for instance), the unemployment compensation program, and the Longevity Bonus program; costs of operating and building Pioneers' Homes and other social service facilities; and social service grants to municipalities and non-profit organizations.

- Managing the state's natural resources cost the general fund $1.3 billion in the first half of the 1980s—about 7 percent of all spending for standard functions. Those expenses included costs of managing the state's lands, minerals, petroleum, forests, waters, fish and game, and parks; costs of building recreational or other facilities; and municipal grants for resource management.

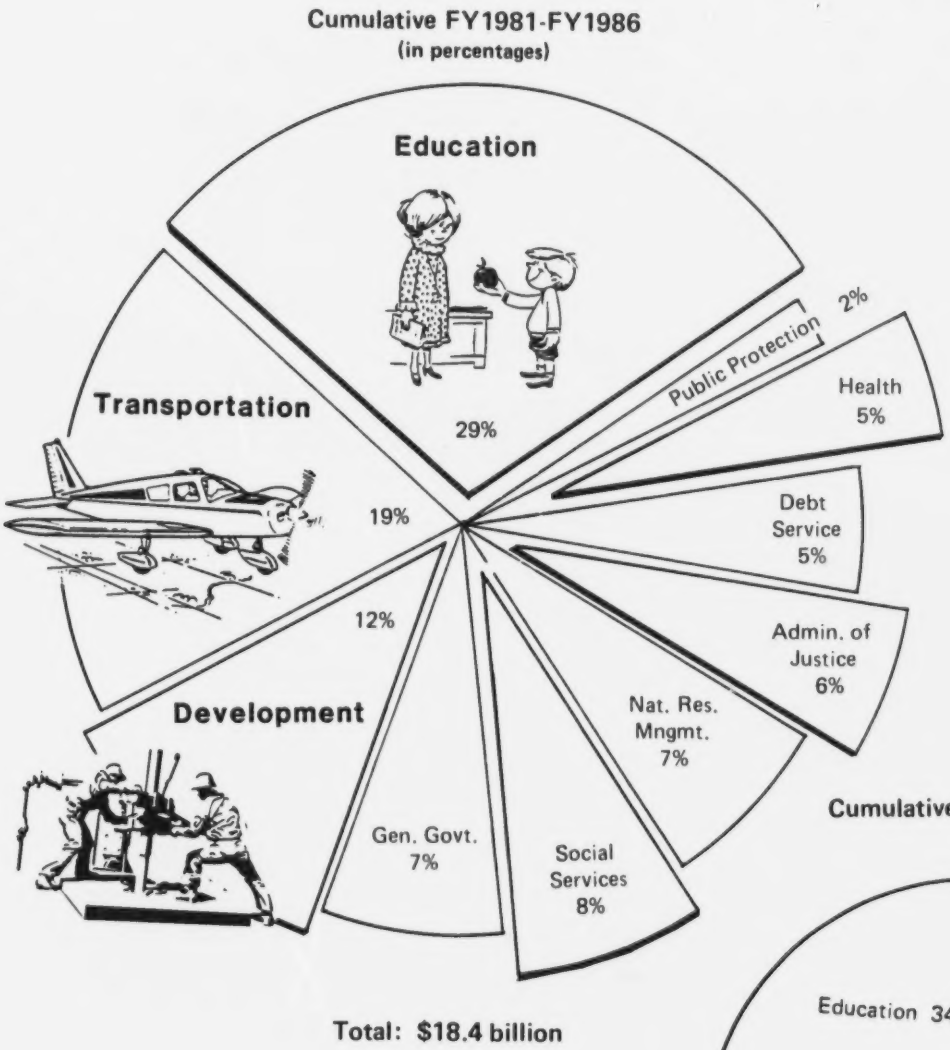
[16] In some instances individual items within the larger program categories were shifted from one category to another during this period. The notes to Figures 8 and 9 detail the most significant of those shifts. None are large enough to affect the overall distribution patterns depicted in our figures.

[17] For an analysis of the potential fiscal effects of such costs, see Scott Goldsmith, "The Fiscal Impact of Capital Spending in Alaska," *ISER Research Summary*, Institute of Social and Economic Research, University of Alaska, Anchorage, December 1984, R.S. No. 24.

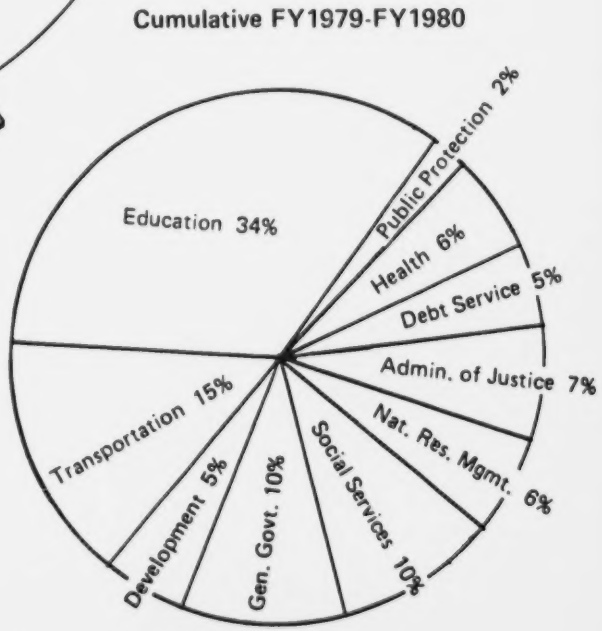
Figure 6

Standard General Fund Expenditures, by Program Category

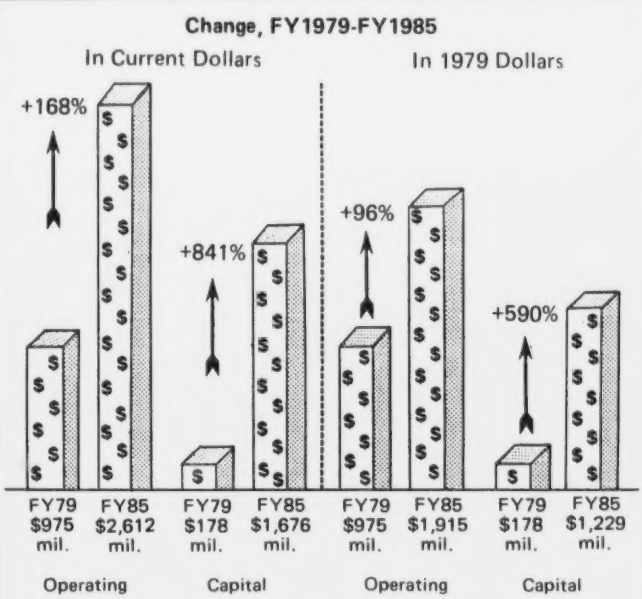
(Operating and Capital)



Total: $18.4 billion



Total: $2.5 billion



FY1986	Expenditures	Change, FY85-86
Operating	$2,651	+ 1.5%
Capital	$ 815	— 51%

Figure 7. Change in State General Expenditures for Standard Program Categories, FY1979-FY1986

- General government expenses took $1.3 billion out of the state general fund between 1981 and 1986—about 7 percent of all standard spending. Kinds of spending included in this category are general costs of the Office of the Governor and the Alaska Legislature; a substantial share of the costs of the Department of Administration; and municipal grants for general government purposes.

- Administering justice for Alaskans cost the state general fund $1.1 billion in the first half of the 1980s, or 6 percent of total standard spending. This category covers most of the costs of the Department of Public Safety (including the state troopers), the state court system, the Department of Law, and the Department of Corrections—the state prison system. It also includes some municipal grants.

- Promoting health of Alaskans accounted for 5 percent—$950 million—of general fund spending for standard functions between 1981 and 1986. These expenses include costs of the Medicaid and other medical aid programs; costs of operating and building state hospitals and other medical facilities; and grants to municipalities or non-profit groups for emergency medical services or other health services.

- Debt service payments on state general obligation bonds amounted to $840 million in the first half of the 1980s—5 percent of general fund spending for standard functions.

- Public protection programs cost $360 million—2 percent of standard general fund spending—from 1981 through 1986. These expenditures include costs of programs to protect Alaskans from fraud and on-the-job or environmental hazards; of search and rescue missions, the Alaska National Guard, and the Alaska Disaster Office; and of municipal grants for fire and rescue equipment and local public protection programs.

- The *proportions* of general fund money devoted to the various program categories in 1979 and 1980 (shown in the corner of Figure 6) were

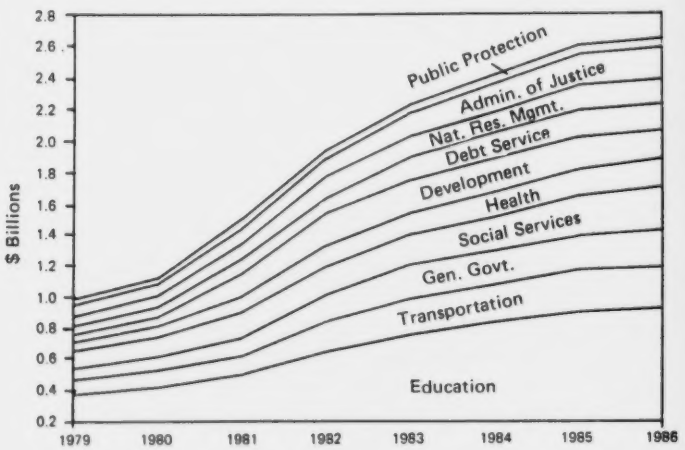


Figure 8

Standard General Fund Operations Spending, by Program Category
FY1979-FY1986

Note: Some of the yearly changes in expenditures by category are due to the shifting of functions from one category to another. In operations, most shifting involved less than $5 million. An exception is juvenile custody, involving about $8 million, which was under administration of justice in 1979-1980 and moved to social services in 1981. Another exception is some of the expenditures for public facilities, involving $15 to $25 million, which moved from general government—operations to general government—capital in 1982. Two category shifts occurred in capital expenditures, both involving the Department of Transportation. In 1979 to 1982, spending for harbors was in the development category; it moved to the transportation category in 1983. Also, spending for public facilities shifted from general government to transportation in 1983.

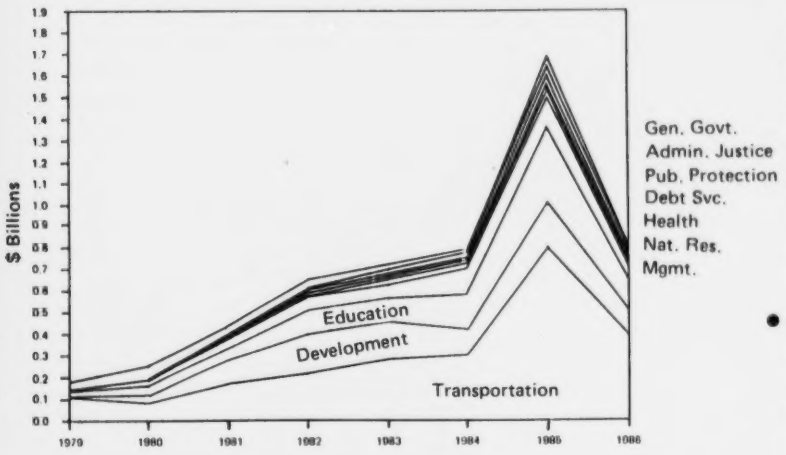


Figure 9
Standard General Fund Capital Spending, by Program Category
FY1979-FY1986

See note to Figure 8.

similar to proportions in later years—although the *amounts spent* in 1981 through 1986 were much larger.

The biggest gainers in the 1980s were development (increasing from 5 to 12 percent) and transportation (increasing from 15 to 19 percent). Those two categories gained because they saw big increases in both operating and capital expenditures. Natural resource management also increased slightly, from 6 to 7 percent. Operating and capital expenditures in this category increased in the 1980s as the state took on increased responsibilities for land and other resource management.

Education's share of the pie—while still by far the largest—dropped from 34 percent in 1979-80 to 29 percent in 1981-86. That drop occurred even in the face of very large increases in education spending, because overall capital spending increased so much in the 1980s. General government's share of total spending also dropped from 10 percent in 1979-80 to 7 percent in 1981-86. Operations spending for general government grew very quickly during that period, but general government got only a small share of capital spending. Other categories where capital spending was relatively modest also saw their shares of the pie drop somewhat.

Changes in Total Standard Expenditures, Fiscal 1979-1986

- State expenditures for overall standard *operating* expenses increased 168 percent between 1979 and 1985, growing from $975 million to $2.6 billion. *Capital* expenses, which were generally modest before 1980, grew more than 800 percent—from $178 million in fiscal 1979 to $1.6 billion in fiscal 1985, when capital spending peaked. If we eliminate the effects of price inflation during that period, the increases are smaller but still substantial: real operating expenses were up 96 percent and real capital expenses up 590 percent between 1979 and 1985.
- Overall standard operating expenditures grew about 1.5 percent—to $2,651 million—between fiscal 1985 and fiscal 1986, while capital expenditures dropped by more than 50 percent, to $815 million.

Changes in Operations Spending by Program Category

Figure 8 shows operations spending by program category from 1979 through 1986. (Appendix Table A-1 shows dollar amounts on which Figure 8 is based.) The figure tells us the proportions of total operations spending devoted to each category, size of the categories relative to each other, and growth in each category during the first half of the 1980s. All the categories together represent total operations spending in each year. So, for example, total operations spending in 1979 was just under $1 billion and in 1986 about $2.6 billion. From the figure and its back-up table we can see:

- Spending in all categories grew sharply between 1979 and 1985 and leveled off or declined in most between 1985 and 1986.
- The biggest *percentage* increases in operating expenses between 1979 and 1985 were in development (+393 percent), general government (+206 percent), and transportation (+196 percent).
- The biggest *dollar* increases in operating expenses between 1979 and 1985 were in education, which increased from $369 million to $897 million (+$528 million), transportation, which grew from $92 million to $272 million (+$180 million), and development, which increased from $42 million to $107 million (+$165 million).
- The smallest—although still very substantial—*percentage* increases between 1979 and 1985 were in social services (+139 percent), public protection (+144 percent) and health (+148 percent).

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- The smallest *dollar* increases—smallest relative to increases in other categories—in operating costs from 1979 through 1985 were in public protection, which increased from $25 million to $61 million (+$36 million), natural resource management, which grew from $60 million to $155 million (+$95 million), and health, which increased from $68 million to $169 million (+$101 million).

- Operations spending in several categories leveled off or dropped slightly between 1985 and 1986, but some categories saw increases: education (+3 percent), social services (+5 percent), administration of justice (+4 percent), and general government (+13 percent).

Changes in Capital Spending by Program Category

Figure 9 shows standard capital expenditures by program category from 1979 through 1986. (Appendix Table A-1 shows year-to-year numbers on which this figure is based.) The figure shows us shares of capital spending that went to each category, size of the categories relative to each other, and change in levels of capital spending in the first half of the 1980s. Again, as was true in Figure 8, the categories taken together show total spending in each year. So, for instance, capital spending in all categories was less than $200 million in 1979 and just over $800 million in 1986. The figure and its back-up table show:

- Capital spending grew steadily and substantially between 1979 and 1984, increasing from $178 million to about $790 million. Then between 1984 and 1985 capital spending doubled, growing to more than $1.6 billion. That huge increase probably happened in 1985 because money that had been approved for many projects in earlier years was actually spent that year.

- Capital spending declined by more than 50 percent between 1985 and 1986, dropping from $1.6 billion to about $800 million. Capital spending in all categories dropped in 1986, with declines in individual categories ranging from 13 percent to 65 percent.

- Total capital spending in all program categories was about $5.1 billion from 1981 through 1986.

- Transportation got by far the largest share of capital dollars from 1981 through 1986, with $2.1 billion going for transportation projects during that period. Other big gainers were education, which got $900 million in capital money between 1981 and 1986, and development, which also got about $900 million.

- The smallest shares of capital spending between 1981 and 1986 went for public protection ($70 million), health ($100 million), and social services ($112 million).

CONCLUSIONS

This review of state spending is not a substitute for a rigorous assessment of the state's past fiscal policies, nor does it alone provide sufficient information on which to base future fiscal policy. There are a number of important issues related to spending policies that we did not intend or attempt to examine here.

We did not attach any value to particular types of spending or judge either the efficiency or the effectiveness of the services provided. We did not try to trace the secondary economic consequences of the various kinds of spending, even though it is apparent that those economic consequences vary significantly with different kinds of spending.

We did not try to compute the increased share of future operating budgets that may have to be devoted to the operation, maintenance, and eventual replacement of the large number of new facilities, roads, equipment, and other capital stock created in the first half of the 1980s.

We did not look at changes in the indebtedness of state and local governments and of public corporations and the relative burden debt service will impose on future state spending. We did not attempt to judge the present asset value of the public corporations and of the many loan programs the state created in recent years. We simply cited the general fund monies transferred to various programs as expenditures, even though much of that general fund money was used to capitalize those programs. Some corporations and loan funds now report large assets and reserves that are of substantial economic value to the state.

And we did not try to project the increased demand for state spending that will accompany future population growth. In short, there are many important questions of fiscal policy that we don't address but that warrant consideration before new fiscal policies are adopted. What our review does is provide a factual account of how much the state spent in the first half of the 1980s and for what. Notwithstanding the limitations described above, our review does reveal several important points.

Growth and Decline in State Spending

As we discussed in detail in earlier sections, the state spent several times more annually in the first half of the 1980s than it had in 1979, and it spent that money in new and different ways: $7.7 billion, or 30 percent, of the total $26.1 billion in general fund expenditures between 1981 and 1986 was for special expenditures that didn't exist or were minuscule before 1980.

Standard government operating and capital costs—excluding all special expenditures but including grants to municipalities, aid to school districts and the University of Alaska, and most distributions to individuals—grew from $1.1 billion in 1979 to $4.3 billion in 1985. About 40 percent of the $4.3 billion spent in 1985 was for capital expenditures, which peaked that year.

Some of the growth in state spending was the result of increasing prices and a growing population. Prices (as measured by the Anchorage consumer price index) increased about 35 percent between 1979 and 1986. Alaska's population increased more than 30 percent—from 414,000 to about 542,000—from 1979 to 1986.

Still, even if we take increasing prices and a growing population into account, the spending increases were very substantial. Without an adjustment for inflation, per capita spending for standard government expenditures grew from $2,800 in 1979 to about $7,900 in 1985. If we adjust for inflation—by translating the figures into 1979 dollars— real per capita state spending for standard expenditures more than doubled, increasing from $2,800 in 1979 to $5,900 in 1985.

In 1986, spending began to drop, with spending for standard expenditures at about $6,400 per capita, or about $4,740 per person in 1979 dollars. It is not clear yet how much the state will spend in the current fiscal year. Some cuts have already been made, and the governor and the legislature are now making decisions about further cuts for this year and next. Estimates of the deficit the state may run in fiscal 1987 are as high as $900 million.

Changes in the Nature of State Spending

It was not only the amount of state spending that changed in the 1980s but the nature and the emphasis of that spending.

Development in a wide range of forms was an increasingly important aim of state spending in the years of high oil revenues. We can define development spending very broadly to include all kinds of spending aimed at fostering economic growth. But it was particularly through two kinds of spending that the state promoted development: through special expenditures for public corporations and enterprise loan funds and through a wide range of capital projects carried out by the state itself or by municipalities with state grants.

The state put hundreds of millions of dollars into proposed and planned hydroelectric projects through the Alaska Power Authority. It stimulated the housing industry through a billion-dollar subsidy of mortgage interest rates during a period when the prevailing market rates would have sharply curtailed such activity. It put nearly $200 million into the Alaska Industrial Development Authority to foster various sorts of business and other development activity. There have been some failures among special expenditures—the Alaska Renewable Resources Corporation, for instance. Others, such as AHFC and various loan programs, have created assets—but loan failures and mortgage defaults make the precise value of those assets uncertain right now.

The state spent hundreds of millions of dollars building or improving highways, local road systems, airports, harbors, and the state ferry system. It put billions of dollars into municipalities around the state to promote economic development through improved facilities, infrastructure, and services. Through the Department of Commerce and Economic Development it spent tens of millions of dollars to promote tourism, trade, and various economic ventures.

Some of these capital projects—like improvements at the state's largest airports and some of its harbors—can be seen to have fostered increased trade or reduced the costs of living and doing business in Alaska. But many capital expenses were mainly for improved convenience or recreation for Alaskans.

Another fundamental shift in the nature of state revenues and spending in the first half of the 1980s was that the government took in no taxes *from individuals* to help pay for spending but distributed a share of its revenues *to individuals* through such programs as the Permanent Fund dividend program. In 1979 and 1980, personal income taxes contributed about $220 million to general fund revenues and no dividend payments were made. The state personal income tax was eliminated in 1981. In the past four years, the state paid out more than $1 billion in Permanent Fund dividends, or about 4 percent of all general fund expenditures in the first half of the 1980s.

Another related shift was that most transfer programs that existed before 1980 were based on fairly narrow criteria—whether it was need or some other criteria—that limited the number of potential

recipients. Welfare programs in the 1980s are still based on income and other criteria. But the Permanent Fund dividend program, the student loan program, and the Longevity Bonus program, to mention three big transfer programs, have not been tied to income. The state did initially try to limit its costs for those programs by imposing length of residence requirements, but these requirements were declared unconstitutional in various court decisions in the early 1980s.

Another change in the nature of state spending in the 1980s was that the state assumed an increasing responsibility for municipal finance. A quadrupling of state aid to local governments under the revenue sharing and other programs allowed large municipalities to cut property tax rates by as much as 50 percent between 1979 and 1982. Small, rural governments—which have small tax bases and have always relied heavily on state and federal aid—saw proportionately large increases in state aid under various programs.

At the same time, the state legislature initiated a program of municipal grants for capital projects—grants that were almost unheard of before 1980. Between fiscal 1981 and 1986 local governments around Alaska spent nearly $2 billion in state money for hundreds of capital projects from sports arenas to new road extensions. Most of these projects in urban areas would otherwise have been paid for through general obligation bonds or levies on taxpayers in specific service areas—or would not have been undertaken at all. Small communities with no or small tax bases could not have afforded to issue bonds or otherwise pay for such projects.

The state government also took on increased responsibility for school finance in the 1980s. The state has historically paid a high share of the costs of Alaska's schools, particularly rural schools, but state support grew tremendously in the 1980s. Under a court settlement in a suit brought by rural students in the 1970s, the state agreed to build high schools in all Alaska villages that had at least 25 students. The state built dozens of new schools, rebuilt others, and took over a number of rural schools previously operated by the federal Bureau of Indian Affairs.

The state paid more than 90 percent of the operating costs of expanded rural school districts in recent years and nearly 75 percent of the costs of city and borough schools. In earlier years, there were far fewer rural schools and city and borough school districts paid a substantially larger share of school operating costs.

Finally, the state not only pays all construction costs for rural schools, it also pays much of the general obligation debt that city and borough schools have incurred to build schools. Such state costs for municipal debt reimbursement increased nearly fivefold between 1979 and 1985.

Another important change in state spending in the years of high oil revenues was that the state assumed an increasingly direct responsibility for creating jobs for Alaskans. The huge infusions of state money into virtually all aspects of the economy in recent years provided work and income for a very large share of Alaskans—not only those working directly for state and local governments but also a substantial share working in private industry. For example, state spending for capital projects was responsible for creating thousands of private industry jobs in construction and related industries.

ISER economist Scott Goldsmith estimated in 1983 that state operations spending alone was responsible for one in six of all jobs in Alaska, and that state spending was directly and indirectly responsible for about one-third of all Alaska personal income.[18]

Who is Vulnerable to State Spending Cuts?

In a broad sense, just about all Alaskans will be affected by state spending reductions: we came to depend on state spending for so much and in so many ways. High state spending was the major force behind economic growth in Alaska in the first half of the 1980s, and the drop in state spending is also largely responsible for the current economic recession.

Municipal governments, which were among the big gainers from high state spending, now find themselves looking at large revenue gaps as state money shrinks. Local governments rolled back taxes and expanded services on the strength of state aid. Municipalities are now also responsible for operating and maintaining the hundreds of facilities that state grants paid to build. Various analysts have noted that such operations and maintenance costs will weigh heavily on local governments, particularly small rural ones.

The billions of dollars the state put into capital projects in the first half of the 1980s also made construction and related industries big gainers. But it is capital spending that has taken the biggest cuts so far, and the number of capital projects funded with state money in the next few years will be a

[18]Goldsmith's work includes a number of analyses of the effects of state spending; see, for example, "Sustainable Spending Levels from Alaska State Revenues," *Alaska Review of Social and Economic Conditions*, Institute of Social and Economic Research, University of Alaska, Anchorage, February 1983, for an assessment of the economic effects of state spending at that time.

fraction of those in earlier years.

There have already been and will continue to be cuts in the numbers of state and local government jobs as state revenues drop, and pressure is also building to reduce wages of public workers. Cuts in state operating and capital spending in turn have already and will continue to hurt private industry. Certain industries—construction, real estate, and finance, for example—are hurt more than others by declining spending, but few are escaping the consequences of the economic downturn.

State and local governments are big employers throughout the state, but particularly in rural areas: in 1984, state and local government jobs made up 30 percent of all jobs in rural areas, as compared with 19 percent of all jobs in urban areas.[19] So declining numbers of state and local government jobs will hit rural areas particularly hard.

A general tightening up of state spending will also be especially hard on Alaskans with low incomes who had come to rely on a number of programs—programs aside from the traditional welfare programs—that will likely be cut back. The highest proportion of poor Alaskans live in rural areas.

While we could describe other areas vulnerable to state spending cuts, the above are several of the most apparent ones.

Determining Future State Spending Levels and Priorities

It is neither surprising nor unusual that how the state spent its money in recent years was determined by how much it had to spend. Similarly, it is no surprise that old as well as new spending habits are hard to break. Having grown accustomed to and partly dependent on big state spending, the citizens, the political representatives, and the economy of Alaska now all confront the harsh reality and painful process of adjusting to less money.

A resurgence in the price of oil or the repeal of the federal export ban on North Slope oil would grant policymakers a welcome reprieve from the need to make more cuts in state spending or reimpose a state personal income tax. But most analysts are projecting that the state will take in less revenue next year than this year. More budget cutting seems inevitable, and it is likely to be sizable.

The challenge for the governor, legislators, and other state officials making decisions about future spending will be to reassess both old and new spending habits within the projected limits of state revenues over the next several years. To do so will involve two interrelated tasks.

First, to bring some stability to state spending and to Alaska's economy, policymakers will need to agree on how much money will be available and how much will be needed to support state spending in the coming years. Reaching such an agreement is perhaps their most difficult challenge. No one likes taxes; oil prices will remain uncertain; and everyone has opinions about how much state spending we need. Nevertheless, without some agreement, state spending levels will remain uncertain, be totally dependent on future oil prices, and fluctuate in direct response to oil price changes.

Governor Cowper has proposed holding general fund spending to about $1.8 billion annually for the balance of the 1980s. While the legislature has not agreed to that budget level, we can use it as a reference point. That level of spending would be about $3,340 per Alaskan, or roughly *half* the $6,400 per resident the state spent for standard operating and capital expenses—excluding all special expenditures—in 1986. In 1979 the state spent $2,800 per Alaskan. In real terms (in 1979 dollars, to eliminate the effects of inflation) the per capita annual figure for the late 1980s would be in the neighborhood of $2,475: 15 percent *less* than per capita spending in 1979.

If we recall that a number of new, large kinds of spending have been introduced since 1979, and that the state has assumed major new responsibilities, the magnitude of the problem becomes clear: both traditional and new kinds of spending are facing major cuts. So the second part of the two interrelated tasks we mentioned above also becomes clear: policymakers have to reassess the purposes of state government and establish spending priorities.

As we've shown above, most Alaskans will be directly affected by cuts in state spending. The extent to which the state can and should continue to carry out the many new roles it assumed in the era of oil wealth needs to be resolved if future state spending is to reflect public purposes and to enjoy public support.

[19] Figures from Alaska House of Representatives, House Research Agency, Report No. 86-039, January 17, 1985.

Appendix Table A-1

State General Fund Spending by Program Categories,* FY 1979–FY 1986
($ millions)

	1979		1980		1981		1982		1983		1984		1985		1986	
	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper	Cap.	Oper.	Cap.
Education																
State Agencies	$ 19	$ 2	$ 14	$ 37	$ 32	$ 5	$ 34	$ 3	$ 48	$ 2	$ 52	$ 3	$ 71	$ 7	$ 66	$ 10
Univ. of Ak.	75	8	86	6	108	8	128	19	148	26	158	49	168	101	169	46
Other	275	15	318	7	361	38	478	93	564	82	628	114	658	241	685	86
Total	$369	$25	$418	$ 50	$501	$ 51	$640	$115	$760	$110	$838	$166	$897	$349	$920	$142
Social Services																
State Agencies	47	–	59	1	71	–	67	5	71	5	79	2	89	12	91	9
Other	62	1	70	1	93	6	119	9	127	13	137	14	172	25	183	12
Total	$109	$ 1	$129	$ 2	$164	$ 6	$186	$14	$198	$18	$216	$16	$261	$37	$274	$21
Health																
State Agencies	29	–	41	–	47	1	56	2	62	3	61	4	64	3	64	2
Other	39	1	30	1	50	5	70	5	69	18	96	17	105	21	105	19
Total	$68	$ 1	$71	$ 1	$97	$ 6	$126	$ 7	$131	$21	$157	$21	$169	$24	$169	$21
Natural Res. Mgmt.																
State Agencies	60	8	72	18	101	34	139	33	139	38	137	29	151	31	152	22
Other	–	–	–	–	–	8	2	25	1	26	1	91	4	124	0.3	46
Total	$60	$ 8	$72	$18	$101	$42	$141	$58	$140	$64	$138	$120	$155	$155	$152.3	$68
Public Protection																
State Agencies	25	3	27	2	32	2	34	2	47	2	46	6	59	9	58	4
Other	–	–	–	–	2	1	2	8	2	13	2	8	2	12	2	6
Total	$25	$ 3	$27	$ 2	$34	$ 3	$36	$10	$49	$15	$48	$14	$61	$21	$60	$10

	1979		1980		1981		1982		1983		1984		1985		1986	
	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper.	Cap.	Oper	Cap.	Oper.	Cap.
Admin. of Justice																
State Agencies	79	1	83	1	96	8	131	15	148	13	171	23	187	62	195	34
Other	–	–	–	–	2	1	5	1	10	–	10	2	11	1	11	–
Total	$79	$ 1	$83	$ 1	$98	$ 9	$136	$16	$158	$13	$181	$25	$198	$63	$206	$34
Development																
State Agency	9	6	8	30	36	63	34	17	44	18	48	9	36	11	34	7
Other	33	1	46	2	118	44	173	166	168	154	169	108	171	195	157	108
Total	$42	$ 7	$54	$32	$154	$107	$207	$183	$212	$172	$217	$117	$207	$206	$191	$115
Transportation																
State Agencies	92	104	103	82	116	148	208	140	230	190	230	200	272	662	270	320
Other	–	–	–	–	–	25	–	71	3	91	3	100	–	136	–	76
Total	$92	$104	$103	$82	$116	$173	$208	$211	$233	$281	$233	$300	$272	$798	$270	$396
General Govt.																
State Agency	71	28	86	55	116	34	165	34	207	22	217	13	217	23	245	8
Other	–	–	–	–	–	–	–	2	–	8	–	1	–	–	–	–
Total	$71	$28	$86	$55	$116	$34	$165	$36	$207	$30	$217	$14	$217	$23	$245	$8
TOTALS:																
State Agencies	$431	$152	$493	$226	$647	$295	$868	$251	$996	$293	$1,041	$289	$1,146	$820	$1,175	$416
Univ. of Ak.	75	8	86	6	108	8	128	19	148	26	158	49	168	101	169	46
Other	409	18	464	11	626	128	849	380	944	405	1,046	455	1,123	755	1,143	353
Debt Service	60		70		97		94		143		166		175		164	
Total, Standard Govt. Functions	$975	$178	$1,113	$243	$1,478	$431	$1,939	$650	$2,231	$724	$2,411	$793	$2,612	$1,676	$2,651	$815

*Includes just standard expenditures.

Appendix A-2

Operations and Capital Expenditures by Program Category and Department
FY1979-FY1986

OPERATIONS	1979	1980[6]	1981	1982	1983	1984	1985	1986
Education	388,490	445,393	556,044	688,230	760,560	838,384	897,399	920,387
Governor's Office	1,336	2,437	[1]	[1]	[1]	[1]	[1]	[1]
Alaska Historical Commission	181	292	}to DOE after '80		[1]	[1]	[1]	[1]
Alaska Arts Council (grants & admin)	1,155	2,145			[1]	[1]	[1]	[1]
Dept. of Administration								
Teacher's retirement	11,912	11,458	12,160	23,805	25,099	30,353	34,480	32,152
Dept. of Education	277,635	317,478	403,526	507,635	585,027	645,203	693,941	718,703
Foundation Program	181,966	204,748	255,384	345,257	409,424	428,772	466,735	492,279
BIA Transfer	0	0	0	0	7,902	0	0	0
Financial Support Programs	51,715	53,860	52,118	62,007	62,000	66,000	54,182	45,597
Gen. admin. and Program Support[e]	6,612	7,019	8,923	10,665	11,307	22,149	30,144	28,507
Scholarship Loan Program	3,600	8,120	23,277	19,500	[2]	[2]	[2]	[2]
Grants and Administration	671	[2]	[2]	385	3,548	3,082	3,272	33,183
Post Secondary Education, Adult Ed., and Voc Ed.(& rehab. after 1980)	4,255	12,204	14,334	17,462	21,066	22,240	30,977	27,671
WICHE	715	(in Post Second. Ed)		1,240	1,555	1,646	1,848	1,676
Museums and Libraries	2,982	3,463	3,967	5,800	5,556	5,465	7,001	6,609
Public Broadcasting Commission	2,846	4,056	4,559	(in Gen Govt-DOA)		[1]	[1]	[1]
Other operations	0	7	0	0	0	0	0	39
Alaska Historical Commission	[1]	[1]	369	356	425	477	492	511
Alaska Arts Council (grants & admin)	[1]	[1]	2,445	5,300	5,783	4,962	5,247	4,385
Grants	0	0	150	1,401	0	0	69	1,207
Misc RSA's	[3]	[3]	[3]	[3]	[3]	[3]	861	723
School Bond Debt Retirement	22,273	24,000	38,000	38,262	56,000	90,000	93,113	106,316
Municipal Grants	0	0	267	2,060	1,903	4,696	764	115
University of Alaska	74,561	86,378	109,723	128,144	148,531	158,132	168,214	169,417
Statewide Admin & Regents	7,220	6,699	9,360	9,630	12,503	16,514	14,921	14,231
Organized Research	7,506	7,942	11,370	13,755	(in Fairbanks)		15,381	13,674
Fairbanks	21,728	23,004	31,982	38,608	58,614	62,041	51,358	49,913
Anchorage	10,988	10,474	14,452	17,824	20,074	22,795	24,263	24,031
Juneau	2,341	3,841	5,486	7,286	9,133	9,757	10,308	9,934
Community Colleges	17,829	17,829	26,886	37,319	39,725	39,563	43,469	41,770
Cooperative Extension Svc.	0	0	2,645	3,347	4,301	4,164	4,570	4,397
Rural Education	3,618	3,257	1,859	0	3,176	3,106	3,379	3,251
Student Loans, Scholarships	75	76	77	0	0	0	0	0
Other Operations-Spec. Expend.	535	1,760	3,106	175	1,005	192	565	857
(salary increase)	2,721	11,496	0	0	0	0	0	7,359
Working Capital	0	0	2,500	0	0	0	0	0
Grants	0	0	0	200	0	0	0	0
State Bond Comm.-Debt Service	23,046	27,642	30,368	26,586	[4]	[4]	[4]	[4]
Social Services	114,701	131,127	167,238	185,720	198,251	216,020	260,944	274,557
Governor's Office-Grants	200	350	400	0	0	0	0	0
Dept. of Administration	22,463	23,703	32,428	42,938	53,971	58,548	73,985	75,527
Longevity Bonus	12,348	13,388	19,546	25,796	27,758	29,414	43,574	44,382
Pioneers Homes	10,115	10,315	12,882	14,188	18,454	20,588	20,676	21,929
Older Alaskans Commission	0	0	0	131	565	1,053	1,039	864
Aging Grants	(in DHSS	1979-1982)	[1]	2,823	7,194	7,493	8,696	8,352
Dept. of Revenue-Child Support Enforc.	1,488	1,896	2,216	(in General Govt.)		[1]	[1]	[1]
Dept. of Education	4,475	118	64	[1]	[1]	[1]	[1]	[1]
Vocational Rehabilitation	4,446	(now under education category)			[1]	[1]	[1]	[1]
Youth Employment Svcs	29	118	64	(now in DHSS-Admin. of Justice category)				
Dept. of Health & Social Services	52,437	61,586	83,649	96,652	97,299	106,098	126,081	136,048
Public Assistance	25,202	29,602	36,959	39,542	37,996	42,462	56,136	63,186
PFD Hold Harmless	0	0	0	0	4,138	2,871	3,471	2,938

Appendix A-2
(cont.)

OPERATIONS	1979	1980[6]	1981	1982	1983	1984	1985	1986
Public Assistance Eligibility	3,531	4,324	6,078	7,188	9,112	9,702	10,289	10,713
Public Assistance Admin.	(in Admin.	& Misc.	below)	(in Health)	2,654	4,145[f]	6,195	4,595
Energy Assistance Program	0	0	2,922	4,619	6,591	6,513	7,817	6,254
Program Services	7,480	9,742	4,515	6,091	6,076	5,725	5,644	5,802
Juvenile Custody	(in Admin of	Justice)	10,651	14,386	13,932	16,390	16,730	16,475
Social Svcs and Social Svcs Admin.	5,778	6,783	7,803	8,366	8,716	9,215	10,274	12,533
Contract Social & Health Svcs.	0	0	0	0	1,532	2,571	4,126	7,745
WIN	303	355	476	478	475	585	574	496
Administration and Misc.	3,590	3,413	4,142	593	(in Public Assistance Admin.)			
Office on Aging	508	3,972	6,114	0	0	0	0	0
Aging Grants	3,093	(in Ofc on	Aging)	7,187	(in DOA-Social Services)			[1]
Old Age Assistance	2,952	3,395	3,989	4,558	6,077	5,919	(in Public	Assist)
Domestic Violence-Grants	0	0	0	3,444	0	0	0	0
Grants	0	0	0	200	0	0	432	1,070
Misc. RSAs	[3]	[3]	[3]	[3]	[3]	[3]	1,107	[3]
Anch SS Block Grant	0	0	0	[2]	[2]	[2]	2,900	2,500
Fbks SS Block Grant	0	0	0	[2]	[2]	[2]	750	500
Longevity Bonus-new legis.	0	0	0	0	0	0	0	1,241
Dept. of Labor	18,493	22,498	27,361	25,237	28,132	29,641	32,258	35,804
Employment Security	14,258	18,812	22,425	20,303	23,469	25,204	26,402	27,386
WIN	[2]	841	905	844	645	927	1,005	874
Administration	4,235	2,845	4,031	4,056	4,018	3,510	4,851	7,544
Grants	0	0	0	34	0	0	0	0
Dept. of Commerce & Economic Dev.	62	62	107	0	0	0	0	0
Dept. of Community & Regional Affairs	13,634	18,775	17,398	17,535	18,563	21,733	28,859	27,140
Senior Citizens Tax Exemption	1,864	2,158	2,558	2,014	2,424	3,458	4,442	4,357
Child Assistance	1,734	2,168	3,005	8,219	9,678	10,514	12,775	13,247
CETA/JPTA	9,677	13,952	11,637	6,915	6,375	7,123	7,069	8,147
Displaced Homemakers	0	0	0	0	0	540	591	434
Senior Citizen Housing Dev.	64	75	59	73	86	98	0	0
Sr. Citizen Hsng-Chugach Facility	0	0	0	0	0	0	1,000	0
Other Operations	55	422	139	99	0	0	0	0
Grants	0	0	0	215	0	0	0	0
Winterization	240	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Misc. RSAs	[3]	[3]	[3]	[3]	[3]	[3]	2,982	955
Municipal Grants	0	0	751	0	286	0	261	38
State Bond Comm.-Debt Service	1,449	2,139	2,864	3,358	[4]	[4]	[4]	[4]
Health	71,565	73,486	99,990	129,599	131,196	157,216	169,134	168,918
Dept. of Health & Social Services	69,687	71,310	97,040	126,334	129,008	157,092	167,204	168,852
Nursing	4,543	4,870	5,926	7,503	7,818	8,135	8,091	8,393
CDC/Laboratories	2,448	2,624	2,855	3,485	4,266	4,762	4,539	4,186
Environmental Health	1,181	1,180	355	139	[2]	[2]	[2]	[2]
Health & Safety	0	0	0	0	0	91	[2]	[2]
Child & Family Health	2,681	2,896	3,966	4,620	5,580	6,902	6,719	6,163
Public Health Administration	993	1,593	2,129	2,130	2,145	1,568	1,485	3,326
Grant to Anchorage	600	[2]	846	939	939	1,230	[2]	[2]
Grant to Fairbanks	[2]	[2]	[2]	[2]	80	50	[2]	[2]
Emergency Medical Services	994	1,097	1,825	1,857	2,422	2,220	0	0
Medicaid	25,418	23,887	31,678	36,045	35,627	58,183	63,255	63,460
General Relief-Medical	5,776	5,435	6,741	9,857	9,208	9,824	10,249	10,442
Catastrophic Illness	0	0	0	0	0	5,344	2,132	1,061
Med. Asstc. Admin.	[2]	[2]	[2]	[2]	[2]	[2]	272	3,345
Alcohol and Drug Abuse (Admin.)	633	4,878	4,283	1,956	1,515	1,539	1,214	1,237
Grants	3,578	[2]	9,284	15,784	14,322	12,184	13,638	13,850
API	7,082	7,826	8,978	10,847	11,880	13,186	13,680	14,187
Harborview	4,619	4,929	5,459	6,483	7,202	7,305	7,427	7,037
Com. Mental Health Svcs-Grants	2,682	2,938	3,905	4,446	5,034	5,680	6,150	7,258
Other Mental Health	3,259	3,916	4,808	4,743	7,001	6,420	7,604	8,105
Other Planning and Admin.	2,110	2,345	3,331	10,476	11,476	8,525	10,279	7,790
Grants	192	[2]	1,711	1,417	2,336	8,177	7,595	[2]
Public Assistance Admin. & Coll.	898	896	1,517	1,805	(in Social	Svcs.)	[1]	[1]
Health Clinics	0	0	0	716	1,076	1,608	2,248	[2]
Other Programs	0	0	0	792	0	0	257	0
Misc. RSAs	[3]	[3]	[3]	[3]	[3]	[3]	370	404

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(cont.)

OPERATIONS	1979	1980[6]	1981	1982	1983	1984	1985	1986
Municipal Grants	0	0	0	0	2,188	124	1,439	66
State Bond Comm.-Debt Service	1,878	2,176	2,950	3,265	[4]	[4]	[4]	[4]
Natural Resource Management	68,192	82,587	118,145	161,246	176,227	137,776	156,458	152,275
Governor's Office[h]	2,367	3,504	2,258	15	0	0	0	0
Dept. of Administration	0	0	0	480[a]	0	0	0	0
Dept. of Revenue	297	264	0	0	0	0	0	0
Dept. of Commerce & Economic Dev. (Oil & Gas Board)[b]	[1]	1,268	2,070	2,287	[1]	[2]	[2]	[2]
Dept. of Natural Resources	22,283	29,807	32,950	50,126	82,302	45,737	53,349	51,646
Management and Administration	6,018	7,375	8,933	11,604	13,176	13,050	18,444	17,338
Oil & Gas Cons & Mgmt/Pipeline Surv.	1,500	1,851	4,938	4,679	129	0	0	0
Land, Water, Forest Management	5,472	8,396	12,293	24,694	20,564	17,562	20,831	20,157
Minerals & Energy	2,736	3,462	2,641	3,441	6,873	9,580	6,300	6,843
Historic Resource Management	367	297	305	299	0	0	0	0
Park Management & Operations	5,964	8,153	3,709	4,467	5,325	5,545	6,183	7,120
Youth Conservation Corps	226	273	131	363	0	0	0	0
Grants	0	0	0	579	0	0	1,415	0
Marathon/Union Oil	0	0	0	0	36,235	0	0	0
Misc. RSAs	[3]	[3]	[3]	[3]	[3]	[3]	176	188
Dept. of Fish and Game	24,490	25,722	47,057	62,128	65,428	66,381	74,326	74,786
Commercial Fish	9,473	9,667	13,613	17,760	19,036	19,248	19,613	22,049
Fisheries Rehab. Enhancement Dev.	8,344	7,576	9,812	12,553	12,567	12,864	14,738	15,473
Comm. Fisheries Entry Commission	0	0	1,750	2,238	2,600	2,082	2,057	2,445
Game	905	807	7,586	10,053	11,759	11,478	11,570	11,747
Subsistence Division	158	860	1,162	1,369	2,096	2,614	2,925	2,898
Habitat Protection	936	1,690	2,614	2,887	2,469	2,328	3,013	3,599
Board of Fisheries & Game	282	289	467	510	817	1,090	1,309	1,089
Administration & Support	3,875	4,784	3,765	5,815	4,669	4,807	5,043	5,089
Pipeline Monitoring	263	[2]	(in DNR as of 1981)		[1]	[1]	[1]	[1]
Sport Fish	0	0	4,451	6,270	7,470	7,994	9,081	6,729
Other Operations	254	49	1,837	1,917	1,945	1,876	1,775	1,554
Grants	0	0	0	756	0	0	257	0
Special Items	0	0	0	0	0	0	1,063	1,635
Misc RSAs	[3]	[3]	[3]	[3]	[3]	[3]	1,882	479
Dept. of Public Safety (F&W)	6,953	7,467	9,727	12,406	13,312	12,904	13,143	13,031
Dept. of Environmental Cons.	4,819	5,436	7,917	12,093	12,843	12,554	15,640	12,812
Administration & Support	2,583	1,407	944	1,146	1,097	2,444	3,352	2,347
Village Safe Water	375	(in Capital)	[5]	[5]	[5]	[5]	[5]	[5]
Grants	0	0	0	624	1,330	300	2,159	306
Other Operations	1,861	4,029	258	546	620	1,136	800	1,631
Environmental Qual. Operations	[2]	[2]	4,670	6,828	7,055	6,114	6,570	6,184
Environmental Management	[2]	[2]	2,045	2,949	2,741	2,560	2,759	2,344
Municipal Grants	0	0	0	633	55	200	0	0
State Bond Comm.-Debt Service	6,983	10,387	16,968	21,295	[4]	[4]	[4]	[4]
Public Protection	25,695	28,902	36,483	41,518	49,408	47,824	60,961	60,123
Dept. of Administration	824	0	390	416	580	433	3,062	3,716
Public Offices Commission	0	0	390	416	580	433	523	544
Office of Public Advocacy	0	0	0	0	0	0	2,539	3,172
State Recorder	824	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Dept. of Labor	3,753	6,016	6,931	7,923	9,516	10,729	11,415	14,425
OSHA	1,909	2,156	2,030	1,736	2,035	2,350	2,504	2,572
Other	1,844	3,860	4,901	6,187	7,481	8,379	8,911	11,853
Dept. of Law	446	434	585	706	742	796	778	865
Dept. of Revenue	405	462	530	562	608	692	659	655

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(cont.)

OPERATIONS	1979	1980[6]	1981	1982	1983	1984	1985	1986
Dept. of Commerce & Economic Develop.	6,292	8,041	8,459	9,785	12,455	15,596	14,699	13,267
Dept. of Military Affairs	5,427	5,949	6,984	8,999	14,022	10,025	18,925	13,735
Search and Rescue	304	336	398	651	832	810	695	0
Alaska Disaster Office	747	1,406	1,583	1,908	1,208	1,312	9,380	4,560
Alaska National Guard	3,725	4,207	4,404	5,176	7,091	6,290	6,387	6,724
AK N.G. retirement	282	[2]	599	1,264	507	1,613	1,918	1,835
Other	369	0	0	0	4,384 [k]	0	545	616
Dept. of Natural Resources-Ag Inspect.	724	834	(to DEC--Env. Health)		[1]	[1]	[1]	[1]
Dept. of Public Safety	6,852	5,687	7,309	7,680	8,222	7,152	8,940	9,872
Dept. of Environmental Cons.-Env Health	0	0	1,815	1,183	2,003	1,800	2,196	3,284
Dept. of Community & Regional Affairs	0	0	56	130	0	0	0	0
Municipal Grants	0	0	1,048	255	1,260	601	287	304
State Bond Comm.-Debt Service	972	1,479	2,376	3,879	[4]	[4]	[4]	[4]
Administration of Justice	80,331	84,412	100,702	140,715	158,205	180,718	198,228	205,762
Governor's Office [i]	6,412	6,356	1,398	1,596	1,649	1,706	1,610	1,674
Grants	2,406	1,477	703	123	59	0	0	0
Dept. of Administration-Public Defender	[1]	[1]	2,938	3,672	4,261	4,952	6,265	5,925
Dept. of Law [j]	4,171	4,877	7,925	9,570	9,817	10,469	11,220	11,769
Dept. of Education	0	0	0	62	0	0	0	0
Dept. of Health & Social Services (corrections)	24,738	26,130	29,504	42,127	52,672	11,877[g]	12,626	13,887
Dept. of Labor-worker prot, comp.	1,728	(to Public Protection Category)				[1]	[1]	[1]
Dept. of Public Safety	22,410	23,682	30,521	48,598	55,025	56,130	56,662	54,820
Village Public Safety	13	[2]	1,775	5,192	5,721	6,318	6,294	5,778
Other Operations	22,397	23,682	28,746	43,406	45,333	45,680	45,854	44,173
Grants	0	0	0	0	3,971	4,132	4,514	4,869
Court System	19,890	22,385	25,706	30,254	34,781	37,108	38,873	40,289
Dept. of Corrections	[1]	[1]	[1]	[1]	[1]	58,476	70,972	77,398
State Bond Comm.-Debt Service	982	1,156	2,710	4,836	[4]	[4]	[4]	[4]
Development	50,150	63,009	162,208	596,114	225,283	219,977	218,206	279,916
Governor's Office-Agri.-related	414	730	2,611	972	0	0	0	0
Dept. of Administration-AK Energy Ctr.	118	134	804	0	0	0	0	0
Dept. of Revenue	12,528	13,729	59,834	359,996	74,847	81,810	91,761	91,884
Shared Taxes	12,355	13,099	1,894	5,999	9,230	8,790	9,318	9,664
Municipal Assistance	0	0	55,651	87,930	65,116	70,465	81,307	81,307
Ak Renewable Resources	118	573	1,016	993	(to DCED)	[1]	332	0
Municipal Bond Bank Auth.	55	57	73	74	60	1,888	87	95
Alaska Seafood Promotion	0	0	1,200	0	0	0	0	0
AHFC	0	0	0	0	265,000	0	0	0
Permanent Fund Corp.	0	0	0	0	441	667	717	818
Dept. of Commerce & Economic Dev.	9,281	11,390	14,443	30,569	47,057	31,502	29,915	25,230
Economic Enterprises	2,181	1,333	3,169	1,521	1,262	0	0	0
Economic Enterprises-Spec. Items	0	0	0	810	561	0	0	0
Economic Development	0	0	0	0	0	2,355	4,051	2,911
AHFC-Bond Insurance	3,880	4,000	0	0	0	0	0	0
ASHA-Operations	369	0	0	0	239	0	0	0
Tourism	1,457	1,828	2,928	9,721	7,568	6,092	7,911	6,531

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(cont.)

OPERATIONS	1979	1980[6]	1981	1982	1983	1984	1985	1986
Energy and Power Development	310	2,830	3,980	9,692	3,489	11,720	0	0
E & P Dev.-Spec. Items	0	0	0	88	2,663	0	0	0
APA	324	518	2,399	1,432	9,706	0	6,127	5,105
Loan Fund Administration	760	878	1,312	1,327	2,398	2,967	2,462	2,780
Business Loans	[2]	[2]	655	[2]	[2]	[2]	[2]	[2]
Other Programs	0	3	0	140	336	0	357	9
Fisheries-related Econ. Dev.	0	0	0	2,272	2,903	2,585	2,503	3,448
Agricultural Action Council [c]	0	0	0	583	5,346	1,068	(to DNR-Captial)	
Energy-related Grants	0	0	0	152	2,484	0	0	0
Oil & Gas Board [b]	0	0	0	131	144	[2]	[2]	[2]
Alaskan Seafood Mkting Institute	0	0	0	2,050	6,905	3,733	3,784	3,515
Alaska Resources Corp.	[1]	[1]	[1]	[1]	358	236	(to DOR)	0
AIDA	0	0	0	650	695	746	808	830
AK Railroad Corp.	0	0	0	0	0	0	1,840	0
Grants	0	0	0	0	0	0	72	101
Dept. of Natural Resources-Agriculture	653	645	14,107	2,510	1,825	2,033	2,597	3,007
Ag Revolving Loan Fund	0	0	0	0	0	0	0	758
Other	653	645	14,107	2,510	1,825	2,033	2,597	2,249
Dept. of Fish and Game	225	232	270	0	0	0	0	0
Dept. of Community & Regional Affair	23,671	32,622	66,283	82,543	87,227	94,202	88,369	158,868
Local Gov't. Assistance	621	994	1,650	2,276	2,394	5,302	4,210	3,684
Statewide Assistance	0	0	0	0	0	0	2,232	2,063
Revenue Sharing	19,663	28,050	51,409	55,603	55,465	57,781	60,333	59,569
Community Assistance Grants	0	0	4,417	6,016	6,535	4,816	3,866	2,448
Community and Rural Dev.	1,368	1,372	[2]	[2]	[2]	552	796	575
Community Planning Svcs	1,043	1,403	2,141	2,810	2,477	2,821	20	(in Capital)
Community Svcs-Housing	[2]	[2]	5,112	[2]	[2]	[2]	[2]	[2]
Rural Housing Loans	0	0	0	4,471	855	[2]	[2]	[2]
Housing Loan Admin.	0	0	0	907	1,301	1,953	1,963	2,068
Housing Constr. Dev.	0	0	0	0	0	0	0	72
Housing Development Grant	0	0	0	4,303	5,114	1,697	[2]	[2]
Supplemental Housing Grants	0	0	0	0	1,047	1,199	4,306	0
Home Ownership Asst. Fund	0	0	0	0	0	5,706	0	0
Other Admin. & Assistance	871	803	1,356	1,260	1,660	1,577	2,951	2,578
Coastal Zone Management	(in NRM, Governor's Ofc)			1,610	3,377	[2]	[2]	[2]
Other Special Projects & Grants	0	0	0	2,106	4,151	9,045	2,093	1,742
Municipal Lands Trustee	105	[2]	199	231	272	264	243	267
Community Block Grants	0	0	0	0	150	1,489[1]	1,628[m]	70
Unincorp. Community Grants	0	0	0	950	2,429	0	457	78
Energy Programs	0	0	0	0	0	0	3,203	2,406
Misc RSA's	[3]	[3]	[3]	[3]	[3]	[3]	68	[3]
Municipal Aid	0	0	0	111,773	(to capital)	0	[5]	[5]
Municipal Grants	0	0	118	1,825	14,327	10,430	5,564	927
State Bond Comm.-Debt Service	3,260	3,527	3,738	5,926	[4]	[4]	[4]	[4]
Transportation	113,068	130,446	151,585	241,168	233,282	232,956	271,795	270,377
Dept. of Public Safety (wts & meas)	[1]	874	1,727	2,215	(to DCED in Public Protection)			[1]
Dept. of Transportation	91,813	103,026	114,357	205,723	229,790	230,031	271,442	270,377
Administration	8,357	9,241	11,475	11,772	13,707	13,465	31,174	29,195
Maintenance and Operations	45,318	49,633	52,722	81,045	87,095	89,543	85,770	86,983
Marine Transportation	36,285	42,198	47,098	56,024	59,281	61,802	65,417	65,742
Design and Construction	1,853	1,954	3,062	46,610	58,853	50,065	50,665	52,608
Right of Way	[2]	[2]	[2]	1,152	[2]	[2]	[2]	[2]
Standards & Technical Services	0	0	0	0	0	4,968	5,432	4,752
Planning & Programming	[1]	[1]	[1]	9,120	10,854	10,188	6,445	4,219
Anchorage Int'l Airport	0	0	0	0	0	0	15,331	16,798
Fairbanks Int'l Airport	0	0	0	0	0	0	6,126	6,837
Other operations	0	0	0	0	0	0	80	33
Misc RSAs	[3]	[3]	[3]	[3]	[3]	[3]	5,002	3,210
Municpal Grants	0	0	0	16	3,492	2,925	353	0
State Bond Comm.-Debt Service	21,255	26,546	35,501	33,214	[4]	[4]	[4]	[4]

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(cont.)

OPERATIONS	1979	1980[6]	1981	1982	1983	1984	1985	1986
General Government	71,479	86,451	1736,148	986,580	1037,306	522,064	684,111	457,602
Governor's Office	8,513	8,535	12,601	20,640	34,708	38,375[d]	20,691	56,413[n]
Dept. of Administration	23,637	25,311	30,895	86,571	109,577	108,232	114,650	110,601
Public Broadcasting Comm.	(in Dept. of Education)			8,070	6,993	7,363	7,456	7,792
Dept. of Law	5,421	6,386	12,529	16,424	15,194	22,449	28,243	26,744
RSAs	[3]	[3]	[3]	[3]	[3]	4,135	[3]	[3]
Dept. of Community & Regional Affairs								
Legal Services	[2]	[2]	[2]	[2]	[2]	[2]	250	[2]
Dept. of Revenue	7,931	9,232	1630,756	835,557	846,666	320,432	485,841	232,961
Child Support Enforcement	[1]	[1]	[1]	2,406	3,089	3,729	3,463	4,354
Permanent Fund Corp.	0	0	0	357	2,385	2,594	0	0
Permanent Fund Transfer	0	0	900,000	800,000	400,000	300,000	300,000	0
Permanent Fund Dividends Operations	0	0	0	467	0	0	2,094	2,494
Permanent Fund Payments '82	0	0	0	16,101	418,343	119	92	0
Permanent Fund Dividend-'82 Reopening	0	0	0	0	0	52	0	0
Permanent Fund Dividend-'82 Supplemental	0	0	0	0	0	0	1,102	0
Permanent Fund Dividend-'83 Reopening	0	0	0	0	0	0	2,480	0
Permanent Fund Dividend-'83	0	0	0	0	0	0	1,279	0
Permanent Fund Dividend-'84	0	0	0	0	0	0	158,558	169
FY 86 Permanent Fund Div.	0	0	0	0	0	0	0	207,749
AHFC	0	0	0	556,955	0	0	0	0
Refundable Credits & Tax Refunds	0	0	162,064	4,005	5,370	1,750	1,056	1,648
Operations & Admin.	7,931	9,232	11,737	11,698	13,099	11,951	14,738	15,186
U of A Settlement	0	0	0	0	4,200	0	0	0
Oil & Gas Litigation	0	0	0	523	180	237	979	1,361
Dept. of Education	26	0	0	0	0	0	0	0
Dept. of Public Safety (F&W)	183	175	[1]	[1]	[1]	[1]	[1]	[1]
Dept. of Transport/Public Facilities	14,699	19,033	25,391	(to capital expends.)		[5]	[5]	[5]
Legislature	11,069	16,862	22,880	26,279	31,161	32,576	34,686	30,883
Office of Ombudsman	(in Leg.)	917	1,096	1,109	(in Leg.)	[1]	[1]	[1]
Total Debt Service	59,825	75,052	97,475	102,359	142,519	165,994	175,139	163,244
TOTAL OPERATIONS [7]	983,671	1125,813	3128,543	3170,890	3112,237	2718,929	3092,375	2789,917

[a]Office of Science and Technology.

[b]In DNR under Natural Resource Management in 1979.

[c]In 1982 was in capital expenditures in development category, DCED.

[d]$20,000 for "Appropriation Project."

[e]Includes boards and commissions in addition to program support, design and delivery, and administration.

[f]Several support services moved here from Social Services Administration.

[g]Includes only Youth Correctional Services; the remainder is now in new Department of Corrections.

[h]Includes Limited Entry, Fisheries Commission, CZM, pipeline surveillance (79-80); CZM & OCS (81); NOAA (82).

[i]79-80 Public Defender, Prosecution, Human Rights Commission, Status of Women, Police Standards Council, Criminal Justice Planning; 81—Due Process; 82—Status of Women, Human Rights Commission.

[j]80—Prosecution; 81—Added Criminal Justice Planning.

[k]Special Items-Emergency Services Program and Land Acquisition.

[l]Some of this may be Social Services block grant money.

[m]Community Service BG + Community Development BG.

[n]$28,238 = salary and benefits increase; $12,842 = noncovered employee compensation.

Appendix A-2

Operations and Capital Expenditures by Program Category and Department
FY1979-FY1986

CAPITAL EXPENDITURES	1979	1980[6]	1981	1982	1983	1984	1985	1986
Education	25,135	49,841	50,551	114,898	110,597	165,755	409,175	207,206
Governor's Office	0	0	0	1	72	2	0	0
Dept. of Administration	0	0	0	127	42	0	0	0
Dept. of Education	2,473	3,236	4,514	21,696	31,715	71,271	159,616	118,588
Transfers to Local Gov'ts & Districts								
Rural Education	0	0	0	11,497	6,992	3,462	1,353	134
Other	910	[2]	713	6,854	21,537	64,581	89,995	44,274
Libraries and Museums	279	286	391	389	777	2,503	3,275	3,091
Public Broadcasting Commission	134	324	440	(in DOA Gen'l Govt.)		[1]	[1]	[1]
Grants	0	0	0	0	0	0	1,180	0
Student Loan Program	[2]	[2]	[2]	[2]	[2]	[2]	60,341	63,600
Teacher Loan Program	0	0	0	0	0	0	0	600
Other	1,150	229	3,683	2,956	2,409	725	3,472	1,557
BIA Transfer School	0	0	0	0	0	0	0	5,332
Continuations/Supplements/Revisions	0	2,397	0	0	0	0	0	0
Dept. of Transportation	14,618	40,875	33,181	46,743	11,842	7,562	72,964	3,963
Local Gov't Transfers and Transfers to REAAs	14,176	6,953	32,831	46,661	11,842	7,562	72,964	3,963
Continuations/Supplements/Revisions	0	33,922	0	0	0	0	0	0
Other-Unspecified	442	0	350	82	0	0	0	0
University of Alaska	8,044	5,730	7,925	18,729	26,412	48,928	101,064	46,766
Fairbanks	4,775	[2]	2,293	4,252	5,748	15,901	32,775	8,923
Anchorage	2,175	[2]	1,833	3,399	7,932	15,948	16,543	12,503
UAA/ACC	0	0	0	0	0	361	11,137	7,698
Juneau	200	[2]	262	1,349	5,667	4,562	13,220	7,526
Community Colleges	667	[2]	2,676	4,167	2,172	3,725	10,247	3,148
Cooperative Extension	[2]	[2]	8	34	58	6	[2]	[2]
Organized Research	[2]	[2]	481	342	37	47	[2]	[2]
Statewide	22	[2]	0	3,189	3,823	8,136	10,553	4,038
Agriculture Exp Station	123	[2]	[2]	278	232	240	49	(in Fbx.)
Other-Unspecified	0	5,730	278	0	0	0	0	0
Other	82	0	94	1,719	743	2	75	225
GO Bond Issue-74,78,80	[2]	[2]	[2]	[2]	[2]	[2]	6,465	2,705
Municipal Grants	0	0	4,911	27,602	40,514	37,992	75,531	37,889
Dept. of Community & Regional Affairs								
Municipal Grants	0	0	0	0	180	0	0	0
State Bond Committee-Debt Service	0	0	20	0	0	0	0	0
Social Services	700	1,885	6,372	13,810	18,368	16,069	37,042	20,597
Dept. of Administration-Pioneers Home	70	1,107	265	3,650	3,110	1,141	4,750	2,706
Dept. of Health & Social Services	620	728	254	2,246	609	0	3,701	18
Grants	620	728	15	1,716	0	0	3,701	0
Other	0	0	239	530	609	0	0	18
Dept. of Labor	0	50	121	572	271	524	793	605
Dept. of Community & Regional Affairs	10	0	2,000	1,214	11,393	12,358	24,398	16,340
Senior Citizen Housing Development	0	0	0	1,184	5,567	1,249	1,426	984
Senior Citizen Housing Development Grants	0	0	0	0	571	6,411	1,709	1,120

Appendix A-2
(cont.)

CAPITAL EXPENDITURES	1979	1980	1981	1982	1983	1984	1985	1986
Senior Citizen Housing Projects	0	0	0	0	4,104	3,224	2,174	250
Senior Citizen Housing Needs Assessment	0	0	0	0	125	0	0	0
Other	10	0	0	30	0	0	0	0
Maniilaq Services	0	0	2,000	0	0	0	0	0
Weatherization & Energy Conservation	0	0	0	0	0	1,474	8,894	5,111
Supplemental Housing Development	0	0	0	0	0	0	2,993	3,567
Low-Income MultiFam Housing Develop.	0	0	0	0	0	0	0	1,402
Grants	0	0	0	0	0	0	7,202	3,906
Municipal Grants	0	0	0	0	1,026	0	0	0
Municipal Grants	0	0	3,732	6,128	2,985	2,046	3,400	928
Health	820	1,040	6,398	6,684	21,247	21,121	23,578	21,026
Department of Education	48	0	0	0	0	0	0	0
Dept. of Health & Social Services	772	1,040	1,609	2,710	9,370	16,668	18,850	17,493
Clinics/Health Centers/Health Corps.	582	524	767	24	213	21	579	623
API	177	[2]	116	192	114	406	478	243
Harborview	13	[2]	0	171	11	103	71	63
API/Harborview	0	0	60	0	0	0	443	86
Hospitals	0	0	0	0	5,340	11,413	9,383	7,667
Emergency Medical Services	0	160	134	1,306	730	995	834	568
Continuations/Supplements/Revisions	0	356	0	0	0	0	0	0
Public Health	[2]	[2]	482	14	152	146	88	17
Mental Health	0	0	0	0	1,089	1,735	0	0
Other Unspecified	0	0	42	0	0	0	0	0
Other	0	0	0	1,003	1,174	151	9	0
Admin. and Support	0	0	10	0	547	1,698	1,937	1,416
Grants	0	0	0	0	0	0	5,028	6,810
Dept. of Community & Regional Affairs	0	0	0	396	680	63	0	325
Health Clinics	0	0	0	396	626	63	0	325
EMS Equipment	0	0	0	0	54	0	0	0
Municipal Grants	0	0	4,789	3,578	11,197	4,390	4,728	3,208
Natural Resources Management	7,862	17,789	42,133	58,406	64,855	120,410	155,351	69,989
Dept. of Administration								
Nat'l Land Leg. Campaign	745	[1]	[1]	0	0	0	0	0
AK Council on Science & Tech.	0	0	0	973	1,489	16	0	0
Governor's Office	0	0	0	0	0	0	0	0
Nat'l Land Leg. Campaign	0	1,518	1,091	0	0	0	0	0
Other	0	0	0	0	66	0	0	0
Dept. of Natural Resources	4,068	14,525	27,633	22,251	23,573	19,582	20,638	12,040
Parks & Recreation	602	4,542	4,164	3,535	3,478	3,640	4,564	2,840
Land & Water Cons. Apport. Fund	3,197	[2]	2,617	1,663	1,348	639	1,642	749
Historical Preservation	269	[2]	562	607	309	480	968	219
Lands Administration & Mgmt.	0	6,971	7,932	1,611	65	21	0	0
Forest/Land/Water Mgmt.	0	0	0	97	401	1,034	5,384	3,344
Minerals & Energy	0	[2]	144	134	6,563	7,064	1,793	1,370
Management & Admin.	0	[2]	11,737	11,151	11,323	6,654	4,472	1,680
Other	0	0	435	188	86	0	0	47
Continuations/Supplements/Revisions	0	3,012	0	0	0	0	0	0
Cook Inlet Regional Corp.	0	0	0	1,228	0	0	0	0
Kepler-Bradley Lake Acquisition	0	0	0	2,037	0	0	0	0
Grants	0	0	42	[2]	[2]	50	476	0
Municipal Grants	0	0	0	0	0	0	130	136
RSAs	[3]	[3]	[3]	[3]	[3]	[3]	1,209	1,655
Dept. of Fish & Game	2,520	1,594	4,666	9,923	12,407	8,896	11,231	11,484
Dept. of Public Safety	99	92	627	404	741	135	0	0

Appendix A-2
(cont.)

CAPITAL EXPENDITURES	1979	1980	1981	1982	1983	1984	1985	1986
Dept. of Environmental Conservation	430	60	1,583	10,514	3,229	5,869	27,521	14,613
Water/Sewers/Solid Waste-Local Com.	430	60	[2]	10,514	2,444	0	0	0
Water & Sewer Projects-Local Cmties.	0	0	0	0	0	4,483	18,988	11,563
Water Quality Mgmt./Air & Solid Waste	0	0	1,500	0	785	0	0	0
Municipal Grants	0	0	0	0	0	0	8,448	3,050
Other	0	0	83	0	0	1,386	85	0
Municipal Grants	0	0	6,533	14,341[a]	23,350	85,912	95,961	31,852
Public Protection	3,313	1,852	3,431	9,841	15,158	11,869	21,162	10,203
Dept. of Labor	0	0	93	197	0	0	0	0
Dept. of Commerce & Economic Dev. (APUC, Weights & Measures)	1,924	30	1,715	129	53	501	184	137
Dept. of Military Affairs	1,376	1,728	543	584	2,172	1,610	3,343	1,161
Dept. of Public Safety	13	94	1,028	2,648	741	1,354	5,609	2,912
Local Transfers for Fire/Rescue Eqpt.	0	0	380	1,661	601	0	0	0
Other	13	94	648	987	140	1,354	5,609	2,912
Dept. of Community & Regional Affairs	0	0	0	1,278	1,002	730	0	0
Local Transfers for Fire/Rescue Eqpt.	0	0	0	1,278	1,002	730	0	0
Dept. of Transportation	0	0	0	0	0	0	5,585	0
Municipal Grants	0	0	52	5,005[b]	11,190	7,674	12,026	5,993
Administration of Justice	570	729	8,710	16,052	13,892	23,888	62,887	34,225
Dept of Law	0	0	14	411	33	25	5	33
Dept. of Health & Social Services	415	391	2,961	3,032	8,584	7	3,365	3,597
Dept. of Public Safety	101	58	1,466	3,760	2,983	2,276	(in Public Protect.)	
Courts	54	280	264	4,258	1,801	1,314	1,530	886
Municipal Grants	0	0	537	1,279	0	2,005	1,082	0
Dept. of Transportation	0	0	3,468	3,267[c]	446	1,648	24,283	2,304
Dept. of Corrections	0	0	0	0	0	16,613	32,622	27,405
Dept. of Community & Regional Affairs Grants	0	0	0	45	644	0	0	0
Development	7,869	39,492	403,276	201,162	530,676	253,218	608,022	297,564
Dept. of Revenue	500	7,446	36,663	0	150,054	0	4,177	996
Municipal Bond Bank	500	7,446	5,500	0	54	0	4,000	750
AK Renewable Resources Dev. Corp.	0	0	16,851	0	0	0	0	0
AHFC	0	0	0	0	150,000	0	0	0
Other	0	0	0	0	0	0	177	246
Comm. Fish & Forest Products Asstc Funds	0	0	14,312	0	0	0	0	0
Governor's Office	0	5,433	3,768	2,182	14,428	58	0	0
Dept. of Environmental Conserv.	0	91	0	0	0	0	0	0
Dept. of Commerce & Economic Dev.	766	11,938	310,213	144,203	212,831	142,477	363,664	200,618
Hydro and Power Projects	589	[2]	0	0	0	0	0	0
Grants	28	[2]	0	0	0	0	301	402
Energy & Power Development	0	[2]	1,393	1,774	1,438	256	40	18
Economic Development	0	0	863	123	96	[2]	212	326
Fisheries-Related	[2]	[2]	4,363	1,568	594	157	5,056	122

Appendix A-2
(cont.)

CAPITAL EXPENDITURES	1979	1980	1981	1982	1983	1984	1985	1986
APA								
Susitna	[2]	[2]	4,610	12,730	23,408	25,159	32,213	31,669
Power Dev Revolving Loan Fund	[2]	[2]	[2]	[2]	[2]	[2]	210,000	0
Power Cost Equalization	0	0	0	5,698	768	18	11,496	21,700
Other	[2]	[2]	35,194	100,473	162,630	111,397	55,335	137,649[g]
AK Energy Policy	0	0	0	0	0	0	0	75
Business Loans	0	0	79,721	[2]	[2]	[2]	[2]	[2]
Mining Loan Fund	0	0	9,935	[2]	0	0	[2]	[2]
AIDA	0	[2]	173,049	8,000	0	0	0	0
Local Projects	0	[2]	246	336	1,050	54	2,630	329
Agriculture-Related	149	[2]	549	1,187	998	3,607	3,057	0
Tourism	0	0	0	200	97	156	0	0
Alaska CD Notes to AIDA	0	0	0	0	21,330	0	0	0
Agricultural Action Council	0	0	(Gov. Ofc.)	9,001	315	1,414	(to DNR)	[1]
AK Railroad								
Aquisition	0	0	0	0	0	0	22,271	0
Other	0	0	0	0	0	0	11,000	0
Investment Loan Fund								
Alt. Tech & Energy	0	0	[2]	[2]	0	[2]	1,000	845
Commercial Fishing	0	0	[2]	[2]	0	[2]	4,000	3,710
Fisheries Enhancement	0	0	[2]	[2]	0	[2]	5,000	812
Rural Elect. Rev. Loan Fund	0	0	0	[2]	0	[2]	[2]	1,000
Livestock Facilities Loan	0	0	0	2,650	0	0	(now in DNR)	
Administration	0	0	0	0	0	0	53	21
Other	0	0	294	463	107	259	0	0
Misc RSAs	[3]	[3]	[3]	[3]	[3]	[3]	[3]	1,940
Dept. of Natural Resources	761	8,547	7,921	1,243	1,005	2,809	11,121	4,551
Agriculture-Misc.	761	8,547	7,921	1,243	1,005	2,855	4,460	1,038
Agricultural Action Council	0	0	(in Gov.Ofc.)	(in DCED)		[1]	511	363
Livestock Facility Loan	0	0	0	(in DCED)	[2]	[2]	650	150
Agriculture Revolving Loan	0	0	[2]	[2]	0	[2]	5,000	2,500
Grain Reserve Loan	0	0	0	0	0	58	500	500
Dept. of Environmental Cons.	0	0	1,496	0	0	0	0	0
Dept. of Community & Regional Affairs	247	2,154	5,820	4,794	5,491	10,139	64,226	13,540
Municipal Grants[d]	230	2,154	5,820	3,495	3,880	6,155	3,913	2,379
Special Projects/Grants	0	0	0	1,299	1,528	2,159	2,021	542
Other	17	0	0	0	0	86	2,344	0
Unincorporated Community Grants	0	0	0	0	0	1,739	9,642	4,838
Housing Revolving Loan	0	0	0	0	0	0	45,000	4,000
HAD Loan Reserve	0	0	0	0	0	0	1,000	0
Community Planning Svcs (in oper.)	0	0	0	0	83	263	306	766
Community Block Grants	0	0	0	0	0	0	0	275
Misc. RSAs	[3]	[3]	[3]	[3]	[3]	[3]	[3]	740
Dept. of Transportation	5,595	3,884	2,298	802	0	0	0	0
Harbors	5,285	[2]	2,078	802	0	0	0	0
Administration	310	[2]	220	0	0	0	0	0
Municipal Grants	0	0	35,088	47,938	55,442	52,821	140,682	67,667
Municipal Aid	0	0	0	(in Oper.)	91,425	44,914	24,152	10,192
Transportation	103,756	81,704	172,819	211,153	281,916	299,902	798,439	395,593
Dept. of Transportation	103,756	81,704	147,762	139,820	190,741	199,688	662,533	320,131
Marine	602	[2]	3,817	2,502	7,369	9,043	18,395	16,667
Airports	1,261	12	9,299	11,642	13,399	12,688	135,432	54,380
Highways	351	26	30,532	18,876	34,748	53,411[f]	202,253	96,233
Harbors	[1]	[1]	8,696	11,676	11,893	24,628	51,818	19,548
Local Service Roads	2,931	[2]	[2]	42,910	54,790	46,810	118,811	46,268
Statewide Transportation/Facilities	804	743	2,213	9,829	13,472	19,768	44,063	34,484
Facilities Planning & Programming	(in General Government)			734	2,683	5,082	971	295
Regions[h]	[1]	8,482	12,332	[1]	[1]	[1]	[1]	[1]
Facilities	347	[2]	[2]	261	4,788	4,721	37,335	7,544
Administration	0	0	2,334	0	222	89	3,507	0
Grants-Iditarod Hdqtrs.	0	0	0	0	0	0	285	285
Anch Pioneer Home Overruns	0	[2]	[2]	1,300	0	0	0	0

Appendix A-2
(cont.)

CAPITAL EXPENDITURES	1979	1980	1981	1982	1983	1984	1985	1986
North Slope Haul Road	1,608	[2]	[2]	0	0	0	4,132	0
Capital Improvement Federal Aid	95,524	[2]	[2]	9,992	0	0	0	0
RSAs	328	[2]	[2]	29,440	47,074	23,168	43,237	44,132
Other	0	0	0	658	303	280	2,294	295
Other-Unspecified	0	0	78,539	0	0	0	0	0
Continuations/Supplements/Revisions	0	72,441	0	0	0	0	0	0
Dept. of Public Safety	0	0	0	12	0	0	0	0
Dept. of Community & Regional Affairs	0	0	0	954	2,179	1,027	0	0
Municipal Grants[e]	0	0	0	954	2,179	1,027	0	0
Municipal Grants	0	0	25,057	70,367	88,996	99,187	135,906	75,462
General Government	28,055	54,936	677,142	44,788	29,801	13,889	23,180	8,076
Governor's Office	1,145	532	2,290	6,157	1,489	1,167	1,078	1,001
Dept. of Administration	632	625	2,345	14,089	19,357	11,783	22,001	7,005
Dept. of Law	0	0	27	279	20	13	0	0
Dept. of Revenue	13	27	642,585	8,857	243	508	0	0
Native Land Claims	0	0	292,585	0	0	0	0	0
Emergency Operating Expenses	0	0	350,000	0	0	0	0	0
Sitka Green Lake Hydro	0	0	0	8,600	0	0	0	0
Administration	13	27	0	0	243	0	0	0
Fish Tax Refund	0	0	0	0	0	508	0	0
Dept. of Transportation	26,162	53,078	29,410	12,869	(in Transportation category)			
Legislature	103	674	457	298	507	380	101	70
Municipal Grants	0	0	28	2,239	8,185	38	0	0
TOTAL MUNICIPAL GRANTS								
TOTAL CAPITAL EXPENDITURES [7]	178,080	249,268	1370,832	676,794	1086,510	926,121	2144,421	1064,479

[a]Grants for water/sewer, solid waste disposal, utilidors, other infrastructure, and parks and recreation equpment and facilities.

[b]Grants for fire and rescue equipment.

[c]Corrections capital projects cost overrun.

[d]Not labeled as municipal grants, but listed by election district. For electrification, community centers, equipment, fuel tanks, planning, etc.

[e]Not labeled as as municipal grants, but listed by election district. For road improvements.

[f]Includes some expenditures for local roads in 1984-1986.

[g]$111,618 is for Bradley Lake.

[h]In 1980 and 1981, some expenditures for highways and most for local roads were in this category.

[i]"Power Cost Assistance Fund" in 1982-1984.

General Notes to Appendix Table A-2

[1]Expenditure is in another department, program category, or under another expenditure item in this department and category.

[2]Expenditure, if it existed, was not specifically identified in the Annual Financial Report.

[3]RSAs were treated as regular expenditures and not separated out unless they were very large or if their purposes were not identifiable.

[4]Debt Service was not broken out by program category in the Annual Financial reports after 1982. For total Debt Service expenditures after 1982, see bottom of operations table.

[5]Expenditure has moved to capital.

[6]The 1980 *Annual Financial Report* is not detailed; therefore, several expenditure subtotals are unknown for that year. For example, we know that $4.9 million was spent on Alcohol and Drug Abuse in 1980, but we do not know (as we do in succeeding years) how much of that was in grants.

[7]Bottomline totals in these tables do not always equal those found in the *Annual Financial Reports* and their supplements. There are several reasons for these differences. In 1981, there were a few calculation errors in the annual report. In 1983 and 1984, the reports did not show transfers (of $400 million and $300 million, respectively) from the general fund to the Permanent Fund. Other discrepancies are due to rounding errors and some calculation errors in adding the multitude of expenditure items in the Department of Transportation and Public Facilities and under Municipal Grants.

Bottomline totals in these tables also differ slightly from the totals in the text. In the text, we adjusted the figures to compensate for inconsistencies in the way transfers to loan funds and to public corporations were recorded in the *Annual Financial Reports* (see text note 6). We made no such adjustments in the detailed expenditure tables.

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The University of Alaska's Institute of Social and Economic Research (ISER) studies the population and economy of Alaska to help public and private agencies and individuals better understand social and economic change in Alaska and enable them to make more informed decisions about Alaska's future.

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Institute of Social and Economic Research (ISER) publications over the past 25 years have looked at virtually all the major economic and social issues facing Alaska. A list, by topic, of hundreds of ISER publications is available from ISER in the library building on the campus of the University of Alaska, Anchorage (phone 907-786-7710). Below are brief summaries of two recently published books which were edited and co-authored by ISER faculty and staff.

Alaska State Government and Politics, *edited by Gerald A. McBeath, professor of political science with the University of Alaska, Fairbanks, and Thomas A. Morehouse, professor of political science with ISER, University of Alaska, Anchorage. Published by University of Alaska Press, 1987, 400 pages. Soft-cover copies $17.00 and hardbound $27.00, plus $1.50 for postage and handling if ordered by mail. Available from University of Alaska Press, Signers' Hall, University of Alaska, Fairbanks, Alaska 99775-1580.*

The first book that comprehensively describes Alaska state government and politics is now available from the University of Alaska Press. The book describes the authorities, organization, and functions of state government as well as the people and the events that put life into government operations. It also discusses the private forces that influence government, including the press, public opinion, and interest groups. The book was written by eleven political scientists and one historian, all of whom now teach or previously taught at the University of Alaska. Several of the authors have also been directly involved in state government.

Developing America's Northern Frontier, *edited by Theodore Lane, adjunct professor of economics, ISER, University of Alaska, Anchorage. Published by University Press of America, 1987, 250 pages. Soft-cover copies $15.00. Available from ISER, University of Alaska, Anchorage, 3211 Providence Drive, Anchorage, Alaska 99508 (phone 907-786-7710).*

The ten essays and a technical appendix in this book present some U.S. and Canadian perspectives on development issues facing the arctic and subarctic areas of Alaska and northern Canada. Written by American and Canadian economists, anthropologists, and others, the book examines topics that range from the relationships between Native peoples and economic development to the potential for more energy and other kinds of development on the northern frontier. Overall, the book gives readers insight into the complexity and diversity of problems accompanying economic development in Alaska and northern Canada.

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